

The Freight Forwarding Industry

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The freight forwarding industry has marked an indelible and inaugural impression upon the structure of the British and international economic environment. Companies such as; Maersk, OOCL, Panalpina, Yang Ming, DSV, Vanguard and Geodis, provide essential logistical management, organising the bureaucratic demands for both the domestic and international movement of freight. Colin Beumont, Director General of the British International Freight Association, notes that "efficient freight distribution is vital to the economy of any country and is arguably the most important function in society today. All of the key elements of a modern economy, health, education, law and order could not be delivered without cost effective transport. The industries pivotal role, crucially requisitioned to the daily function of the general mercantile environment, is unsurprisingly illustrated in summation by the industries FIATA shorthand, as the "Architects of Transport". A description that illustrates Freight Forwardings' overarching hand over the management of the shipping and transport industry.

Freight Forwarding companies operate as a 3rd party (non assets based) logistics provider. They act as agents that organise shipment and transportation for individuals and other companies. Traditionally they provide shipment via asset-based carriers, however the turn of the century has seen many Freight Forwarding companies incorporating aspects of both agency and carrier into their service. In essence the predominant duty of the 3rd party agent is to arrange the detail of cargo shipment for international operation, ordering and preparing an array of documentation. Freight Forwarding companies provide an out of house expertise, focused around the handling of constitutive legislature, they deal with the complicated arrangement of Commercial Invoice, Shippers and Export Declaration as well as the Bill of Lading.

The nature of the industry has changed vastly over the past century. The original function of forwarders was to contact various carriers, provide advice on documentation and customs requirement, and provide a contact between customer and a correspondent agent to keep their customers advised upon current events that may affect the transport and movement of goods. Whilst the forwarder still maintains the same responsibilities, the globalisation and expansion of larger firms means that most companies have a world wide presence, and so in turn the correspondent agent has been effectively nullified, with companies communicating between strings of different branches.

The earliest modes of Freight Forwarding made extensive use of transport through national canal and rail networks, it wasn't until the early germs of the inter-war period seeded a development of the use of ex-military trucks for transport. The movement from rail and canal transport to heavy-load road

transport has evolved over the years to the point where presently in the U.S there are over 26 million trucks moving more than 10 billion tons of freight.

The industries contemporary use of air transport as a mode of freight shipment can be traced back to 5 key events. Initiated in 1905 by the Wright brothers first 25 mile uninterrupted flight, the Golden Age of Flying (1918-1939) expressed several developments in the field of aviation which culminated in the first commercial flight of 1929. Whilst the mass production of the Second World War saw aviation for the first time, through the lenses of freight transport, as millions of tonnes of heavy machinery, weaponry, and soldiers, illustrated the versatile nature of planes. After the post-war depression the popularisation of commercial flights led to the thread that wove the modern conception of the air-freight transport. Containerisation along with the development of commercial flights instigated the advance of the contemporary industry.

Freight Forwarding companies that originated in the early 20th century, expanded and diversified to support the rapidly growing Merchant Shipping Industry. The advent of world wide containerisation in the 1960's promoted the growth of road, rail, shipping, and flight, groupage services within Europe. Containerisation is the technique of using universally prescribed inter-modal containers governed by the ISO (International Organisation for Standardisation). This meant that containers could be loaded and sealed intact into ships, planes and trucks. As the industry conditions of carriage were updated, a new responsibility evolved into the British International Freight association. The increase in international shipping, furthered by global mobility (categorised by the employment of factories abroad as a cost cutting technique), required the necessity of a development of a sophisticated handling system. Pallets were introduced as a standardised means of packing, handling, and transporting goods. The growth of pallet freight services led to an immediate establishment of pallet distribution networks across all developed countries. The introduction of the pallet system, led to a greater investment in pallet freight. One of the main tenants of the evolution promoted the modulation of Freight Forwarders from agents to agent / carriers.

The nature of the simple expert logistic offices expanded from basic commercial accommodation to office and warehouse accommodation, this would give the Freight Forwarding companies a better control over the transport chain. G.J Davies asserts in his essay, *The Role of Exporter and Freight Forwarder in the United Kingdom*, "The adoption by some exporters of a more systematic approach to their export physical distribution - in other words, of the logistics concept-has meant better potential control over delivery times and especially the delivery promise, reductions in freight and forwarding costs, and a move toward better customer service. Pallet networks offered the Forwarder a comprehensive tracking and tracing system, as each pallet may be adorned with a bar code. The network enabled the industry to adapt to the fluidity of e-commerce, providing greater customer service, as the customer could now track and watch shipments online. The movement growth and evolution of Freight Forwarding would enable exporters to contact them to establish a contract encompassing the total supply chain, including essentially to the efficiency of the business, warehouse management and stock control".

The conditions of the Freight Forwarding industry are inextricably linked to the vogue of the social macrocosm. A spokesman for the port of Belfast comments that through the port "Wider changes in society are also reflected. The move towards alternative energy sources has reduced domestic coal imports from a peak of 604,000 tonnes in 1985 to just less than 200,000 tonnes in 2005, while the building boom has helped double the amount of timber handled since the late 1990s. Freight Forwarding's economic and environmental duty has been established by the contemporary SeaIntel Maritime Analysis, who has provided the first cardinal means of measuring and rating a shipping company's environmental performance. Whilst the Freight Forwarding industry is affected by the movement of social conditions it also plays an integral part within contemporary society.

Within the operation of the 2012 Olympics, Freight Forwarding has played a vital role. Alan Williams, director of the London 2012 sponsorship and operations said: "Between now and the opening ceremony on 27 July 2012, UPS's Stevenage facility will store millions of items of inventory that are required to make the Games run smoothly. With so many time-sensitive items needing to be transported in and out of the venues in a short time period, a vast amount of expertise is required to ensure the process is efficient and effective from start to finish.

Freight Forwardings' logistical placement in the incredibly influential peripheral of the United Kingdoms social and economic environment means that it is of the utmost importance that industry continuously remains at the top of its game. Tim Matthews, Chief Executive of the Highways Agency, notes that "To sustain our economic strength and promote new growth our infrastructure must operate at optimum capacity, and as congestion on inter-urban trunk roads has increased by "28%...[from 2001 to]...2010", the future of Forwarding is at liberty to diversify. England's motorway network constitutes 10500km of key routes of national significance and the traffic can range from 13000-200000 vehicles a day. To combat the congestion, as delayed shipments incur extra-costs and delay the customers' development, the government have invested £22bn pounds into developing the motorways without widening and expanding them. The instalment of new smarter motorways governed by the operation of CCTV and TCC has been a change aimed at improving and streamlining the countries infrastructure. Andrew Cook suggests a return to the use of waterways as a means of improvement. The increased emphasis on the use of waterways and possible use of airlifts does not spell the demise of using roads - far from it. It simply highlights the changing times we are in. The current Heavy Load Grid is predominantly road based and will remain so, as the number of waterways available cannot match the road alternatives. But as part of an integrated network, we foresee an increase in the number of routes that will incorporate both road and water routes.

Whilst the Freight Forwarding institution is liable to constant change and adaptation it provides a definite and certain tool to the lubricant of international business. The crucial importance of the Freight Industry can be identified in the observations of Sir Digby Jones; "Businesses throughout the UK, from small firms to multinationals, depend upon an efficient freight transport industry. This is essential for both our domestic and international trading needs. We are living

in an increasingly competitive world economy, with demanding consumers and demanding producers.