

Setting up as a Freight Forwarder



A freight forwarder provides a service to people and companies wishing to send goods from one country to another. The goods that are shipped can vary from a small parcel up to huge items. The mode of transport can be road, rail, sea or air.

Forwarders arrange the transport details so that the freight arrives at its destination in good condition and at the right time. They research shipping prices, provide information on routes, book cargo space, prepare and check documentation, handle various regulatory requirements and can arrange many value-added services.

The industry is global and international logistics firms vary from multinationals to SME (small and medium enterprises). This document looks at setting up a freight forwarding business and examines some of the issues involved.

Knowledge of the Industry

A freight forwarder has a broad range of skills and abilities which may be summed up as knowledge of the industry. You will be entering a complex market filled with a multitude of differing practices and regulations, so some of your knowledge will be theoretical, gained from studies, and could involve international trade law, economics, finance or trade. It will also consist of practical experience in the freight forwarding trade or in something similar. The more awareness you have of overseas markets, shipping methods, insurance, paperwork, specific products and their Customs procedures, the better. Compliance with regulations is essential and knowledge of the transport of dangerous goods or the UK Department for Transport Aviation Security regime may be needed.

Training and Qualifications

To be a freight forwarder, no formal training or qualifications are officially required but industry tuition is highly recommended. If your business is more complex, for example, involving the carriage of hazardous materials, forwarding freight overseas, or the provision of insurance, you may well be required under IATA regulations or UK law to hold qualifications yourself or ensure one or more of your employees do.

There is a wide choice of training available in all aspects of the freight industry, and BIFA runs courses on a regular basis. More information can be found at www.bifa.org/training

Rules and Protocols

Numerous sets of rules and protocols govern international trade. Trading conditions may be used in contracts for the carriage of goods, and you should be aware of how they are interpreted and implemented, as well as being familiar with different types of contract. You need to be very clear as to your responsibilities and liability under any new contract you strike. You should also be familiar with agency agreements and the Law applicable to Agency, letters of credit and bills of lading. You may well be the principal or contractor for forwarders across the world.

Insurance

You will need insurance to protect your exposure to liability under Common Law or any of the Conventions or Trading Conditions which you operate against. You should also have employer's and public liability cover. Liability insurers and brokers will often require a freight forwarder to be a member of BIFA before providing cover.

BIFA Membership

Most UK freight forwarders are members of BIFA and use the BIFA Standard Trading Conditions which are regularly reviewed against consumer legislation and the Unfair Contracts Terms Act.

Information on how to join BIFA can be found at www.bifa.org

If you plan to offer Customs clearance services, you should refer to the separate BIFA guides on preparing to become a Customs Agent and the role and responsibilities involved.

