Efficient procedures critical to competitive success

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Creating efficient, compliant trade processes is essential for competing in today's global economy, yet many businesses still struggle to gain control over their customs operations.

For example, one large furniture retailer had an entire team devoted to managing the 16,000 containers it imported annually, but the business lacked a central system to handle paperwork or see shipment status. Employees were buried in back-and-forth emails, and the business had a 7 percent filing error rate, requiring time-consuming post-amendment entry corrections.

Recognizing it needed help, the retailer turned to a supply chain partner to design a better solution. By combining a cloud-based technology platform with hands-on support from an experienced brokerage team, the business significantly reduced customs errors and the time required for each filing.

Sadly, this is not an uncommon story. And yet, it is a risky spot for businesses to put themselves in. With more than 28 percent of US GDP related to trade, failing to establish a solid customs program can put importers at a competitive disadvantage. An effective approach requires the right technology, operational processes, and brokerage expertise, helping to reduce regulatory and financial risk while improving efficiency and accuracy.

Staying on the right side of US Customs law is notoriously difficult, thanks to myriad ever-evolving regulations, and penalties for non-compliance can be steep. In 2016 alone, US Customs and Border Protection collected $57 million in fines and penalties. Businesses that do not meet compliance requirements also run the risk of having their goods delayed in transit, slowing production and making it harder to meet customer delivery expectations. Customs clearance, documentation, handling, and inland shipping can add up to 40 days to total shipping time for imports from Asia to the United States, and the US Chamber of Commerce reports that inefficient border procedures can add as much as 15 percent to a product's cost.

Recent initiatives to improve cross-border security, such as the Container Security Initiative and the Customs-Trade Partnership Against Terrorism (C-TPAT), have also increased the complexity of enterprise customs programs. And although countries around the globe are taking steps to streamline customs procedures, progress has been slow. Migration continues to the US' Automated Commercial Environment, which aims to create a single paperless portal for the dozens of US agencies involved in international trade, with businesses still learning how the new system will affect their operations. The World Trade Organization's Trade Facilitation Agreement also went into effect earlier this year, with a goal of standardizing procedures worldwide, but implementing the agreement is likely to take years, considering that it took more than 20 years just to ratify the agreement.

With everything from ensuring your harmonized tariff classifications are accurate to supporting teams bogged down by entry exams, managing customs compliance may feel like an endless to-do list. But working with a supply chain partner can have a big impact on productivity. By incorporating advanced technology, processes and ongoing support into a holistic solution, the right partner can help you meet these business goals:
Blake Shumate is chief operating officer at American Global Logistics.

As global trade grows increasingly complex, businesses cannot afford to ignore the importance of a solid customs strategy. Taking steps now to create an integrated technology-driven solution can help you reduce compliance risk, improve operational efficiency, and move your goods around the world more freely.

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