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COMPLIANCE

Today, more than ever, manufacturers, exporters, forwarders and logistics service providers must provide much more elaborate data about imports and exports, so that customs authorities can carry out risk assessment and controls. Shipment data has to be made available prior to moving physical goods, meaning that businesses must use electronic communications to transmit their data to customs authorities in advance. Electronic reporting is also rapidly replacing paper-based processes, leading to increased electronic integration with local authorities. Chances are that in future the submission of paperwork will only be accepted in exceptional cases. What benefits does this bring for businesses, and can they make use of these initiatives to reduce costs and drive efficiency?

To begin with, overheads could be cut and processing times reduced by using in-house software systems that integrate directly with customs authorities and other regulatory bodies, or by transferring the data electronically to the logistics service provider. Too many UK companies still print export paperwork and pass it to a logistics service provider, which then manually re-enters the data into its systems. Not only does this make the process more time-consuming and error-prone, the exporter is also incurring additional costs from the logistics service provider.

Companies aiming to gain a competitive advantage while ensuring regulatory compliance for all import and export movements can no longer rely on business processes that require high levels of

Claire Umney, general manager of AEB (International) Ltd, discusses the benefits of using software to monitor your logistics operations

manual intervention. They must use software to communicate with their supply chain partners in order to ensure that the right party is informed at the right time about progress or discrepancies.

Efficiency gains

Pre-shipment advices, import and export declarations, invoices and other shipping documentation often include similar data sets that can be shared, reused and added to via electronic processes throughout the supply chain and its individual process steps. Faster data throughput and the elimination of manual data re-typing save both time and money. End-to-end supply chain execution and management systems in particular provide benefits, as data is accessed and processed more efficiently across all relevant areas of operations. Automated event management and network visibility make it easier to manage processes proactively.

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Another benefit of IT-supported global customs management is risk mitigation. Outsourcing customs declarations to a logistics service provider may be expedient, but if the logistics service provider misdeclares, it is the exporter that is liable. Incomplete or erroneous declarations may lead to fines, penalties and possible shipment delays if goods are stopped at a port or airport. Keeping the customs declaration process in-house and/or submitting electronically can help to streamline the workflow and improve the accuracy of declarations.

Keeping the customer satisfied

The electronic transfer of data, documents, licences, certificates, invoices, bills of lading, etc is becoming essential to ensure smooth and fast border crossings. Companies that can provide customs authorities with complete and accurate information at the right time and via the appropriate channels will benefit from expedited customs clearance, which in turn facilitates just-in-time inventory management and reduces the need for high stock levels. Faster border clearance and smooth import and export handling ensures that goods are available on time, delivery promises are kept and – most importantly – happy customers receive the products as ordered.

Thanks to the increased availability of electronic customs systems, it is becoming easier for all companies, regardless of their size, to process their international trading data securely and efficiently. Software systems that provide direct interfaces to customs and process the corresponding responses will enable businesses to speed up processing times, reduce non-compliance incidents caused

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by manual errors and – through comprehensive electronic record keeping and archiving – allow them to easily demonstrate due diligence and fully auditable records.

Going forward, the IT systems of exporters and importers, carriers, forwarders, logistics service providers and government agencies will become increasingly interconnected. Software systems play a crucial role in helping businesses to manage the flow of information to and from all supply chain partners in an effective manner. Clearly, regulatory compliance – while often considered a burden – can actually be an opportunity. Companies that manage global trade and customs rules to their advantage and integrate electronic customs procedures as 'normal' process steps in their overall supply chain and logistics strategy will save costs and streamline processes – and thereby gain a competitive advantage. ■