

CASE STUDY

TRADE COMPLIANCE COMPLEXITY

Today's vehicles may contain thousands of components spread across an array of advanced systems. Components are often purchased from a multitude of external sources, leaving the manufacturer with the unenviable task of maintaining a robust compliance profile that will satisfy the many government agencies that control the import and export of these technologies. With autonomous vehicles now a reality, the environment has become infinitely more complex. Consider this well-known manufacturer's dilemma.

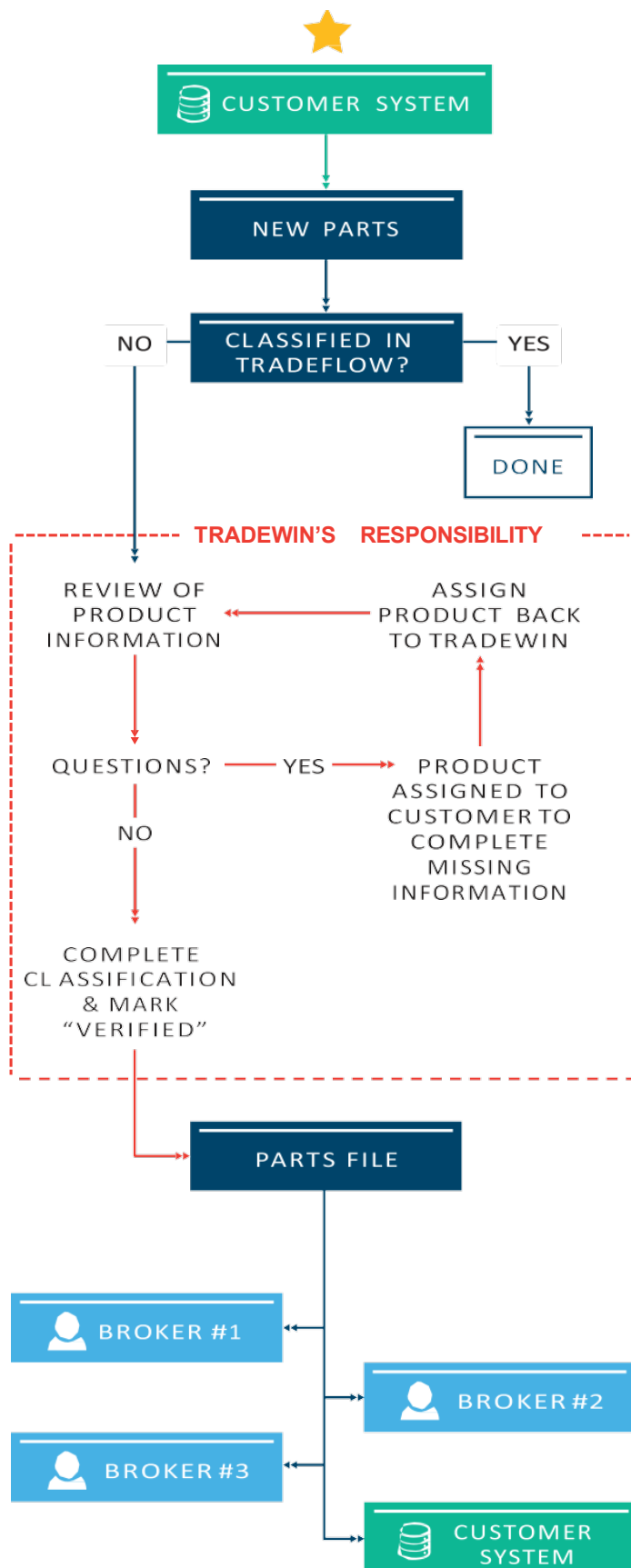
THE ISSUE

As a leader in the automotive industry, our client manufactures high-performance vehicles for its commercial customers. New orders reach into the hundreds of billions of dollars, requiring huge outlays for staffing and materials. Its large engineering department works tirelessly within dozens of engineering and purchasing systems, some developed internally, and some purchased off the shelf. Detailed specifications, schematics, and databases contain every minute detail regarding the performance requirements of every part that goes into the vehicle. Proprietary technologies are paramount to its success. With all of that information available to build these vehicles, there was no comprehensive database that contained the trade compliance data necessary to meet Customs' and other government agency's needs or sufficient internal trade compliance expertise to keep the flow of product moving.

THE SOLUTION

While an engagement of this nature is customized for each of our clients, it is generally comprised of three major components: utilization of a central repository for trade compliance data, the gathering of data regarding "form, fit, and function" of system parts & components, and segregation and classification of the parts. These three components and the technical expertise of international trade analysts in engineering, electronics, and chemicals, are integrated into any Tradewin solution.





TRADEFLOW The Central Repository

Following the initial kickoff meeting, a Tradeflow account for the client was established, allowing Tradeflow to become their single repository for trade compliance data. Tradeflow is Expeditors' web-based compliance platform and was specifically developed for importers and exporters that have multiple internal systems and a diverse product line. Since Tradeflow is a web-based system, initial set-up took days rather than months and included the uploading of known parts to the Product Management Centre. Integration was established with the client's existing order management systems and with our client's Customs brokers.

PRODUCT ATTRIBUTES Gathering the Information

Since all trade compliance information for components was now centrally stored and available to authorized parties (Customs brokers, suppliers, and internally with its business units) via the web or data transfer, Tradewin began the task of gathering individual product attributes regarding "form, fit, and function" for the component parts in the database.

EXECUTION Segregation and Classification of Parts

The automotive industry functions differently than those that manufacture a cell phone, computer, or air conditioner. While these items are designed to perform a relatively specific task, an automobile is comprised of many fully functioning, individual systems, each with a multitude of parts and subassemblies. Our strategy is to focus on systems and risk mitigation. In this case, Tradewin devised and executed a plan to segregate and target each vehicle system using consulting groups that would specialize in each particular vehicle system and its components.



Braking Systems

Engine

Cooling Systems

Oil Systems

Exhaust System

Fuel System

Suspension & Steering

Transmission

Electronics

To mitigate compliance risk to the organization, we worked with the client to analyze inventory levels and outstanding purchase order quantities, import and export transaction velocity, and to create a Stratification Plan that accelerated risk mitigation. This allowed us to focus and prioritize our work on the items most likely to enter the supply chain. As we targeted those parts that provided the greatest immediate risk, our client saw that the reactive approach they could not get out from under began to subside, allowing imports to arrive without delay and exports to reach the market more quickly.

THE RESULTS

Twelve months later, by partnering with Tradewin for its classification expertise, our client successfully pushed harmonized tariff classification and related trade compliance tasks further upstream to the time of purchase order placement. There is a robust Tradeflow trade compliance database that is accessible to authorized parties globally via the web. Classification information is automatically pushed electronically to its Customs brokers and the ERPs of its business units. The customer has accurate, consistent, tariff classification for their parts and components across the U.S. and the multiple countries where they are involved in international trade. Our partnership continues today as we provide ongoing harmonized classification services and trade compliance expertise to its business units.

ABOUT TRADEWIN

Tradewin is a professional trade consulting company that provides creative and effective solutions in regulatory compliance, logistics, and trade data management. Our international trade services include Import and Export Consulting, Classification, Trade Preference Programs, Duty Mitigation, and Supply Chain Security.

Our staff is comprised of licensed Customs brokers, attorneys, accountants, and former Customs officials located across the United States, Canada, Asia Pacific, and Europe. As a team, we work to assess complicated situations, maneuver through regulatory hurdles, and implement solutions that meet both the letter of the law and the spirit of your business.