

Navigating customs

Ensuring a compliant and secure global supply chain for customers

As global logistics competition intensifies and international trade law continues to proliferate, a customs house broker's role in facilitating the flow of legitimate trade into the global supply chain has become more critical and challenging than ever before. For every product imported into the United States, there are currently hundreds of customs regulations and thousands of pages of harmonized tariff items that need to be considered — undoubtedly an overwhelming task for any international shipper to take on.

Instead, importers and exporters rely on customs brokers like Paul Codere, corporate customs brokerage manager for AIT Worldwide Logistics, to navigate the governmental logjams pertaining to their international commodities.

"While the focus of our business was once on anti-terrorism legislation, security initiatives are increasingly driving most of the change in the brokerage industry," says Codere. "From intellectual property rights and anti-dumping duties to pest infestation and weapons of mass destruction, security is the critical issue underpinning every single aspect of the customs brokerage industry today."

Smart Business sat down with Codere to discuss how to stay ahead of the "compliance curve" in the ever-changing landscape of customs law and international trade regulations.

How has a customs broker's role evolved in recent years?

Because of the dramatic slowdown in today's global economy, international trade flow volumes aren't as robust as they once were. Brokers are frequently discovering that importers no longer desire to keep overstock of their merchandise and consequently 'just in time' delivery of their commodities is in high demand.

This business model requires a seamless customs clearance process. While delays can result at any step along the logistics pipeline — manufacturing, shipping or inclement weather, for example — since the shipment life cycle ends with the broker, it's ultimately up to him or her to foresee any possible clearance problems.

Because of their ever-increasing legal and



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ethical obligations to the government and the international trade community, brokers can't be flexible regarding compliance practices.

After all, they are held responsible for their knowledge of and compliance with the regulations intended to protect the safety and security of the consumer, industry, and ultimately various economies and ecosystems.

What is the biggest challenge presented to customs brokers?

Most importers quite simply can't devote the time necessary to keep up with the wide range of regulatory changes mandated by our government. It becomes burdensome to sift through the massive amounts of information being disseminated on a daily basis in order to find the regulations applicable to their merchandise. The broker has the ability and expertise to handle this obligation for the importer. Interfacing with the many governmental agencies and navigating through a sea of ever-changing trade rules and regulations, customs brokers act as consultants to their clients.

When the importer and broker can make it

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their joint responsibility to exercise the U.S. Customs and Border Protection's mandate of 'informed compliance' by sharing all details about the commodities, the clearance process can be relatively simple, quick and painless.

However, challenges can arise when working with a client to gain a comprehensive understanding of all possible commodity requirements for the importation or exportation of their goods. Failing to provide a critical piece of information about their commodity can lead to disputes over classification or misclassification of merchandise.

If the importer has control of their own supply chain, knows their suppliers and has investigated the commodity they intend to import, then there shouldn't be any major setbacks or need for dispute resolution.

Describe how the implementation of 10+2 regulations will impact the industry.

Required only for commodities that will be laden onto an ocean vessel arriving into a U.S. port, 10+2 is another name for the Importer Security Filing (ISF) and Additional Carrier Requirements law.

When enforcement of the 10+2 regulations begins in January 2010, noncompliance could result in severe shipping delays and monetary penalties. Until that time, Customs has afforded the entire industry a year-long 'delayed compliance period' to acclimate and adjust to the new mandates.

To comply with 10+2, importers should be aware of all parties involved with the manufacture, sale and transportation of their shipments. They should also know exactly what commodities are being shipped and how they should be classified in the HTSUS (Harmonized Tariff Schedule of the United States).

If the international trade community takes the full 12 months to work together in educating themselves on complying and cooperating with 10+2, then it will only mean business as usual for the industry when full enforcement begins. <<

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