

Global Trade Compliance

Supply Chain Consortium *Benchmarking & Best Practices*

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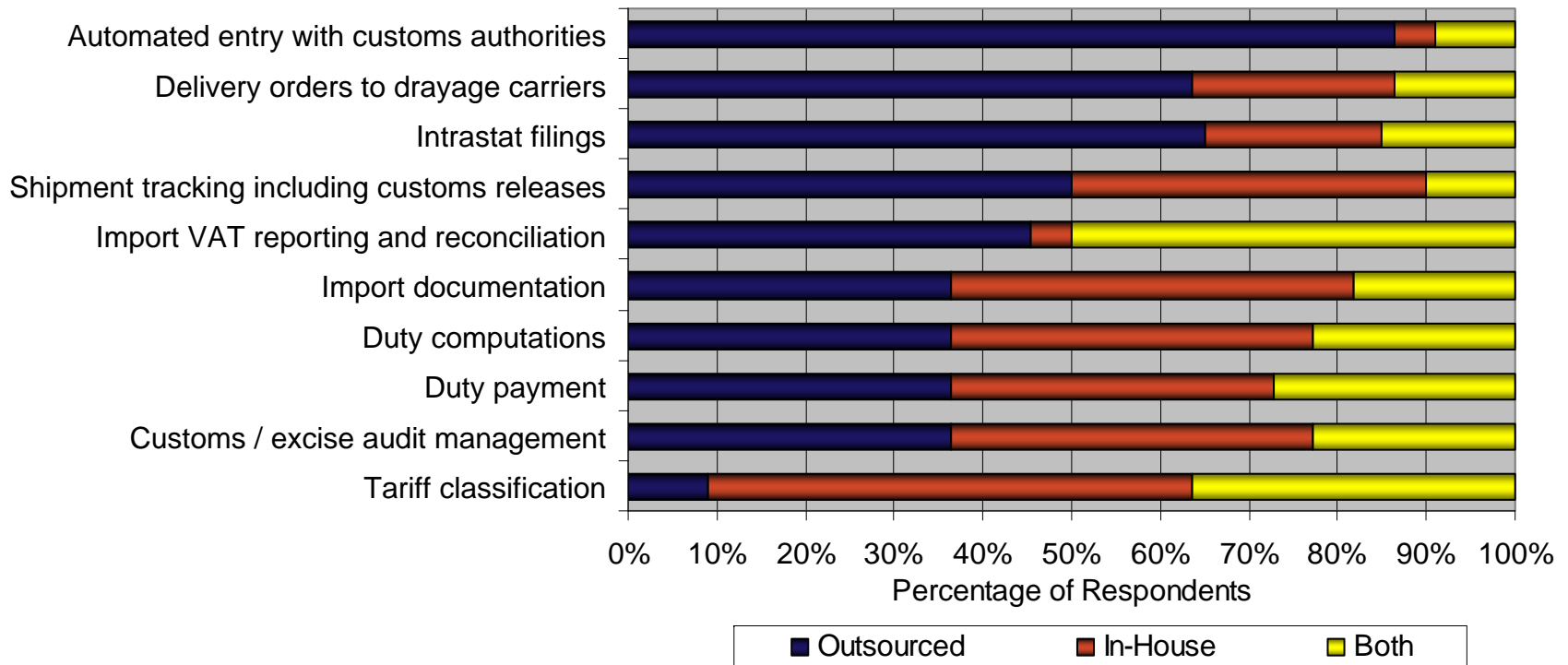
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Customs Activities

Outsourcing Customs Activities

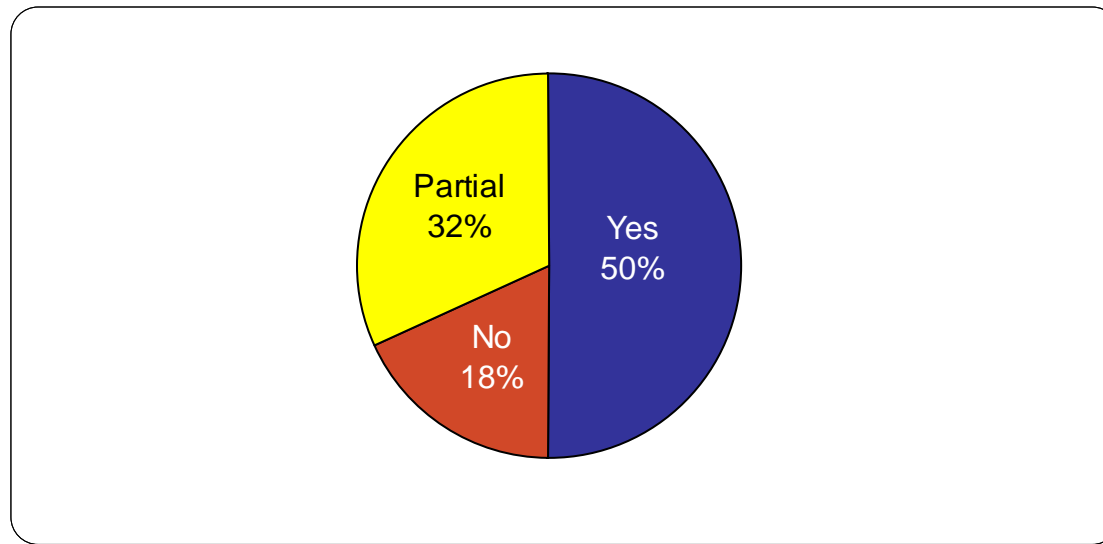


Automated entry with customs authorities is the most outsourced activity, with 86% of companies outsourcing. The second and third most outsourced customs activities are intrastat filings and delivery orders to drayage carriers.



Customs Activities

Customs Broker Performance Management Program



Nearly 60% of the companies surveyed employ a customs broker on their staff, and half of those companies have a broker performance management program with written guidelines for performance, scorecards and regular reviews.

Trade Compliance Outsourcing

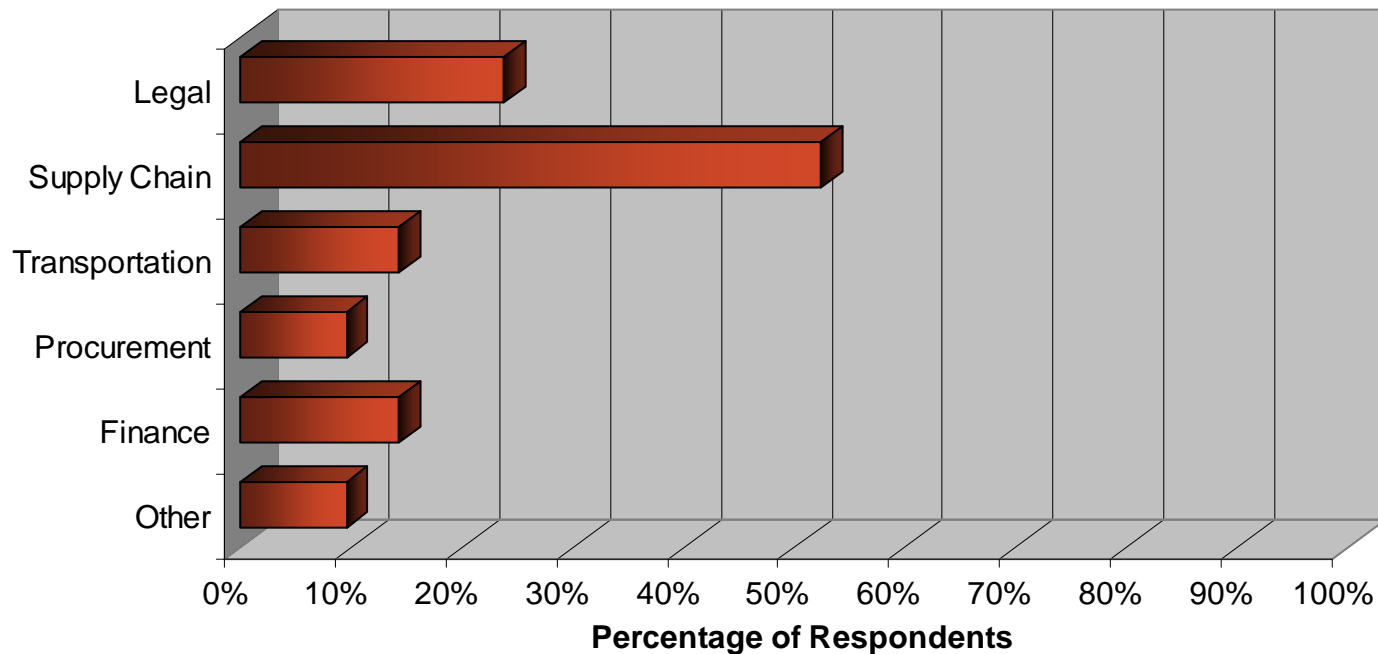
Decision Factors for Trade Compliance Function Outsourcing

Decision Factor	Importance Rating
Better service (i.e., rapid clearance)	4.36
Costs	3.77
Lack of internal expertise	3.76
Technology	3.59
Lack of local, in-country contacts	3.57

The primary reason respondents outsource trade compliance functions is to get better service (i.e., rapid clearance). Reducing costs and utilizing outside expertise are the second and third most important factors.

Global Trade Compliance Organization

Global Trade Compliance Groups Report to the following Functions

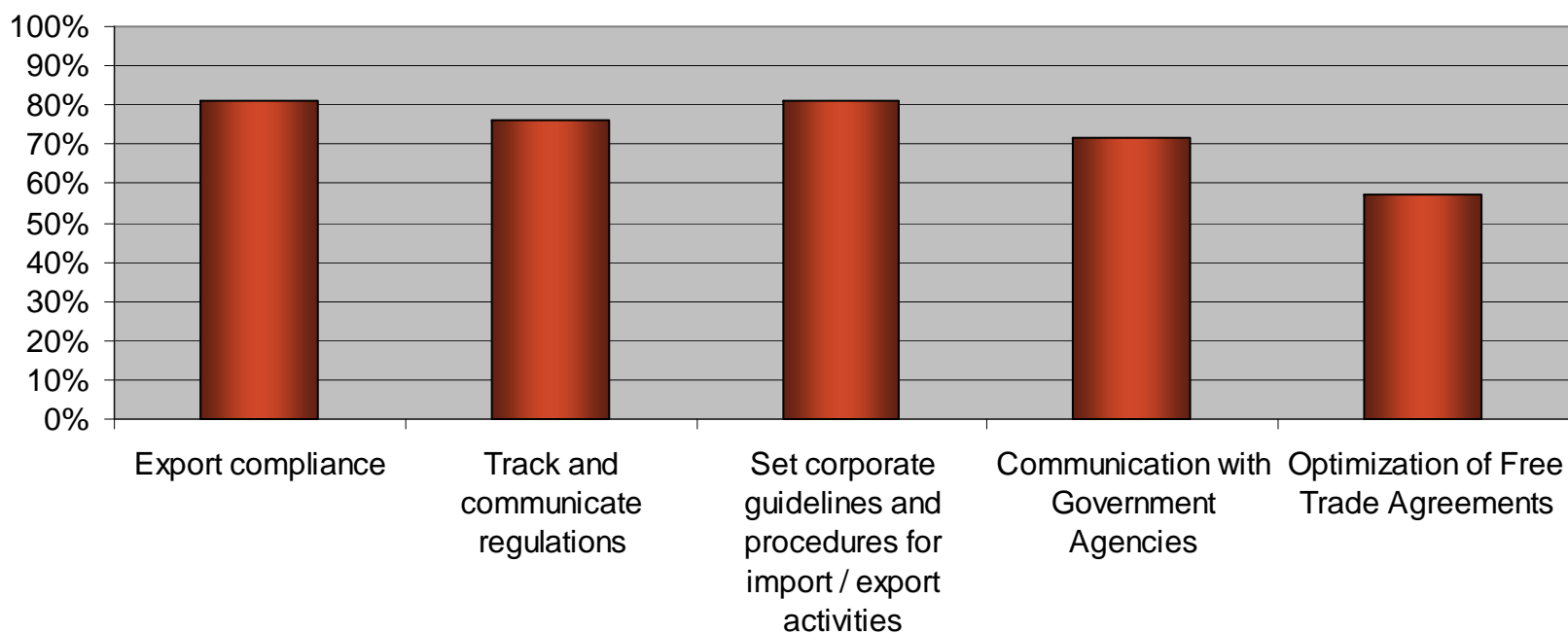


More than 50% of respondents have global trade compliance groups that report to the supply chain function within their organization, and 24% percent of companies say their global trade compliance group reports to legal.



Global Trade Compliance Organization

Strategic Services Performed by a Dedicated Global Trade Compliance Group or Center of Excellence




The top two strategic services performed by trade compliance groups are (1) export compliance and (2) setting corporate guidelines and procedures for import / export activities.



Global Trade Compliance Organization

Reporting for Dedicated Global Trade Compliance Group

Where Global Trade Compliance is Reported	Percentage of Respondents
A single corporate (global) entity	72%
A divisional entity (global)	62%
A combination of the above	59%
A regional (for example, continental) entity	40%
A country-specific entity	31%
A single location entity	18%



A majority of companies have their global compliance function reporting to a global group at either the corporate level or divisional level of the organization. On the other hand, some companies have elected to decentralize trade compliance.

Export / Entry Compliance

Department or Service Provider Contributes Significant Support

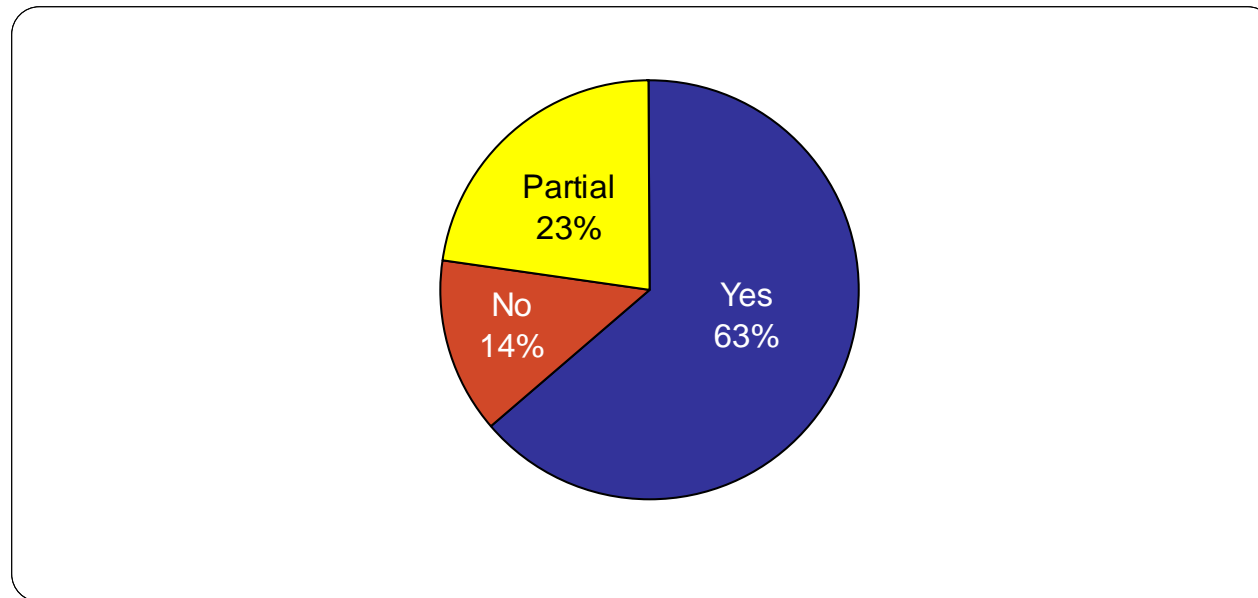
Processes	Corporate Staff	Overseas Staff	Supplier	3PL	Carrier
Export compliance	91%	18%	5%	23%	5%
Customs entry and compliance	59%	14%	9%	32%	18%

Ninety-one percent of respondents indicate that corporate staff provide significant support for export compliance and customs entry; 3PLs also provide substantial support for both export compliance and customs entry.



Government Affairs Office Issues

Process for Managing the Distribution and Sharing of Regulatory Information between Government Affairs Office and Business Operating Units



Almost two-thirds of respondents have a process for information sharing.

Government Affairs Office Issues

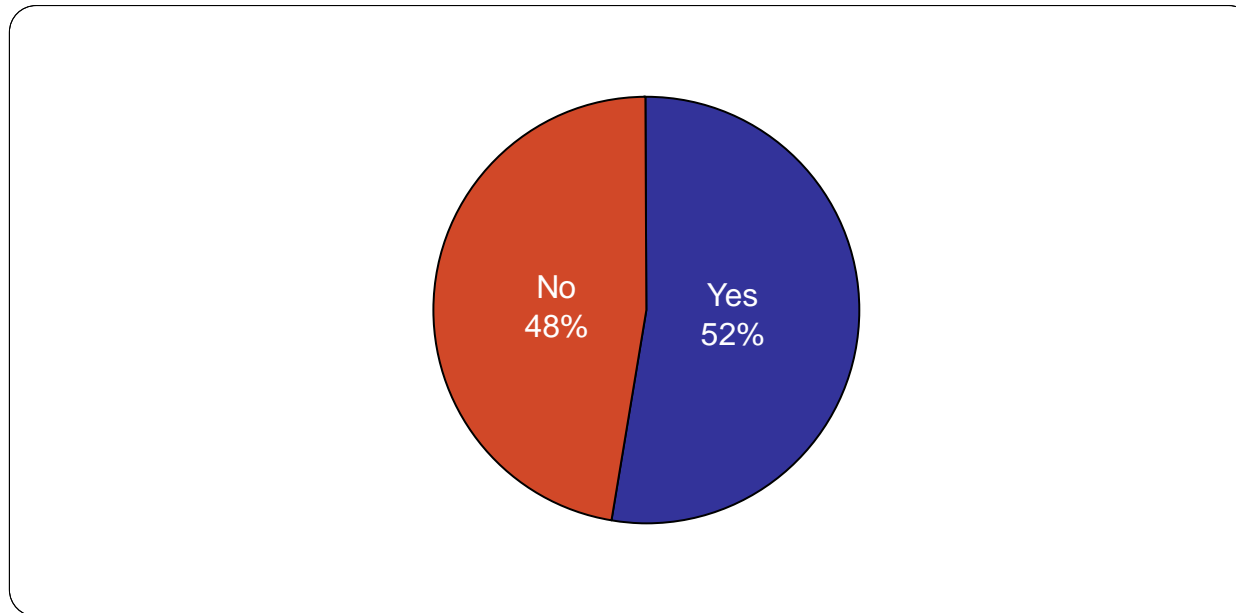
Communicating with Government Affairs Office / Representative

Responsible for Communicating with Government Affairs	Percentage of Respondents
Corporate	89%
Division	55%
Individual locations	45%

Communication with the Government Affairs office is generally a corporate responsibility, according to 89% of respondents. More than half say that their operating divisions share some communication responsibility.

Global Trade Compliance Technology

Utilizing Global Trade Compliance Software Packages



Slightly more than half of the companies surveyed use global trade compliance software. The software functions most often used are classification of goods and electronic status tracking.

Global Trade Compliance Technology

Strategy for Evaluating and Obtaining Global Trade Compliance Software

Strategy	Percentage of Respondents
Purchase best-in-class point solution	24%
Use system capability provided by ERP vendor	47%
Build what is needed	29%

Nearly half of the respondents prefer to utilize the system capability provided by their ERP vendors for global trade compliance.

Global Trade Compliance Technology

Additional Global Trade Compliance Software Functions Utilized

Software Functions	Internal	Third Party	Portal	Trading Partner
Duty management and drawback	50%	40%	10%	10%
Tracking import and export regulatory fees	60%	20%	10%	10%
Tracking duty and taxes	70%	20%	10%	10%
Valuation of goods	67%	11%	11%	11%
Supplier compliance to classification and valuation	70%	10%	10%	10%
Intrastat reporting	50%	25%	13%	13%
Free trade agreement qualification	63%	13%	13%	13%
Outward processing relief	60%	40%	0%	20%
Cost tracking by category	86%	0%	0%	14%

A variety of different software functions are used by companies to manage global trade either internally, through a third party, via a portal, or with a trading partner.



Performance Monitoring

Monitoring Global Trade Compliance

Performance Monitoring of Trade Compliance	Yes	No
At the corporate level (all divisions and locations)	81%	19%
At the division level (all locations within division)	59%	41%
At the location level	63%	68%
Multiple answers possible. Total may exceed 100%.		

More than 80% of respondents monitor the performance of their trade compliance program at the corporate level. In total, nearly all companies indicate that they monitor performance at some organizational level.

Performance Monitoring

Most Common Performance Measures

The most common measures of trade compliance performance are:

- Penalties
- Duties saved or avoided
- Holds or inspections
- Violations not resulting in penalties

Performance Monitoring

Calculating Total Landed Costs When Making Sourcing Decisions

Regulatory Agency Costs of Trade	Percentage of Respondents
Import duties	95%
Import taxes	90%
Import fees paid to regulatory agencies	85%
Export taxes	65%
Export fees paid to regulatory agencies	50%

A majority of companies responding to the survey include import duties, taxes and fees in their total landed cost calculation.

Performance Monitoring

Customs Hold Metrics

Percentage of Orders that Experience a Customs Hold at Origin	Percentage of Respondents
Less than 1%	81%
1 to 3%	19%
Greater than 3%	0%
Percentage of Orders that Experience a Customs Hold at Destination	Percentage of Respondents
Less than 1%	62%
1 to 3%	38%
Greater than 3%	0%

More than 80% of respondents indicate a customs hold percentage of less than 1% at the point of origin, and 62% have a customs hold of less than 1% at the destination.



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