

Gaining certainty through data

Uncertain times for trade compliance pros call for "what if" planning and accurate data

By: **Virginia Thompson** / *April 24, 2017*



If one thing has been profoundly clear in the three plus months since America's 45th president was sworn in, it's that the world of global trade compliance has become one rife with unanswered questions. I can't remember a time in my career when I've been so glued to media outlets.

I'm constantly reading news stories about the latest possible change to regulatory positions, wondering what this change or that announcement might mean for our clients and our industry on a larger scale. We are regularly hearing the same sorts of questions from those customers too. "No more TPP?" "Renegotiate NAFTA?" "What's a BAT?" "What exactly does that antidumping executive order mean for me?"

I most definitely don't claim to have the answers to exactly what the future will hold for U.S. importers and exporters under this administration, but I don't think anyone does. What I have started to realize, though, is that when you don't know the answers to the questions of what might happen, you have to be prepared for anything. The only way you can be nimble enough to respond to any possible outcome in any of these situations is to have access to your company's current global trade data, so that any and every decision you make is made with an understanding of what its impact will be.

Many of the possible regulatory changes could be felt as an increase or decrease in duties, taxes, or fees when your company's goods cross a given border. The move away from TPP (Trans-Pacific Partnership), the renegotiation of NAFTA (North American Free Trade Agreement), and the proposed BAT (Border Adjustment Tax) all fall into that category.

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It's critical that you are capable of running "what if" scenarios that look at what the economic impact will be to your company as soon as the answers start to become more readily known.

For example, if you're importing a given commodity (classified under a particular Harmonized Tariff Schedule number) from Mexico or Canada, and the duty rate changes, how quickly can you calculate what the financial impact will be to your company? Better yet, do you have the ability to identify other sources for that same commodity that you have been using and compare trade costs from those origins?

As the United States looks to explore possible bi-lateral free trade agreements (FTAs) in lieu of the TPP, preferential duty rates that are not available today may become available in the future. Therefore, in order to turn the uncertainties into wins for your company, you need not only access to your own data, but access to current global trade content data as well, to ensure that you are keeping on top of the changing regulatory data such as duty rates and free trade agreement rules of origins.

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The recent executive order addressing enforcement of antidumping duties among other key priority issues is another great example of why having access to both your own trade data and global trade content data is critical for trade compliance professionals. The order directs the Departments of Homeland Security (which oversees Customs), Treasury, Commerce, and the U.S. Trade Representative to get together and re-assess bonding requirements for goods subject to antidumping and countervailing duties, to determine if they are set appropriately based on the risk posed to the U.S. government by importers who import goods subject to these types of duties.

Short term, if I were an importer, I would want an immediate understanding of what my imports were that are subject to antidumping or countervailing duties (ADD/CVD). Longer term, should bonding or other requirements associated with importing ADD/CVD goods change, I would look to be running "what if" scenarios (like with the changing FTA landscape) to investigate sourcing from other countries or suppliers in order to add value to my company.

However, without both my own company's data and current information about all possible duties and taxes from other possible countries, that would not be possible.

So now the good news: this isn't that hard. So much has been written about data and about "big data," and I think it can be off-putting or even scary for some to contemplate trying to manage.

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But what's really awesome is that there is an enormous range of possibilities available to importers and exporters to help solve for how to get your hands on your data.

U.S. Customs and Border Protection (CBP) gives it away for free, for crying out loud. There is no excuse for a U.S. importer or exporter not to have an ACE account and to assign one or more team members in their trade compliance group to analyze reports on a regular basis, at least monthly. It's easy and it's free.

Beyond ACE, of course, there are also many other solutions and robust platforms available to assist importers and exporters in being ready to answer those questions as they begin to take shape. The more data and the more visibility you have, the better prepared you will be to respond and react as the future does start to make itself known.

And that path is definitely beginning to take shape for us. A few weeks ago, the new administration announced the nomination for the new CBP Commissioner position, Kevin McAleenan. This announcement, greeted enthusiastically by the trade due to McAleenan's many years of service within CBP, is one question answered.

Of course, there are still so many left, and none of us know exactly how they will shake out. Arm yourself with your data, and you will find yourself in a better position to react when the next question is answered.

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