

Maximizing Free Trade's Benefits

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ABSTRACT

[...]countries increasingly are looking at FTAs as a way to increase trade. Up-to-date rules of origin can be utilized, on demand from around the globe, to efficiently qualify products for multiple free trade agreements simultaneously, while only maintaining one bill of material, even if the parts were sourced from multiple suppliers. -

FULL TEXT

Free trade agreements are popping up all over the world, with more going into force or new negotiations beginning seemingly each day. In short, countries increasingly are looking at FTAs as a way to increase trade. In just the past six months, 28 countries have started negotiations to set up trade agreements, 23 countries have signed trade agreements, and five trade agreements have taken effect.

With all these new agreements in place, companies could be missing out on cost savings because of the common notion that FTA qualifications are difficult, time-consuming and require additional resources. Taking a proactive approach, however, can lead to simple processes and automated workflows to manage multiple trade agreements as well as the overall solicitation process.

Through the automation of the FTA process, companies are able to:

- Reduce time to gather, analyze and produce supplier certificates. A change in sourcing locations often can lead to missed opportunities for preferential duty treatment. With a centralized system that facilitates the automatic solicitation of multiple suppliers for multiple products, newly sourced products are automatically made available for inclusion on a solicitation to the new supplier. Automating this step expedites the request for a certificate of origin and for determining eligibility. Once eligibility is determined, the generation and distribution of certificates to customers can then be streamlined.
- Verify that eligible products are being declared on the customs entry. To ensure that the effort to gather certificates of origin and to qualify bills of material doesn't go to waste, confirm that the entry filing claims preferential treatment for all eligible products. Not completing this verification will result in higher duties paid.
- Utilize a central repository for supplier provided certificates and bills of material. Insufficiently documented, poorly defined or unenforced internal controls for accurately declaring FTA preferences is one of the red flags for which Customs and Border Protection looks during an FTA Focused Assessment. Instead of having certificates of origin from your supplier stored in one location and bills of material in another, create a way to store and manage both in a shared central location so that all supporting documentation is easily retrieved when needed.
- Automate the customer request process. Automating the customer request process reduces the time spent producing certificates for customers. Utilizing the right solution, users can respond quickly to a customer request for a certificate as well as automatically solicit for products that would qualify if the right documentation were provided.
- Eliminate human error. Automating the qualification of finished products reduces room for human error. Some free trade agreements include origin calculations, which can be computed automatically during a bill of material analysis to determine eligibility. Accurate calculations result in correctly qualified products, which save an

organization money while ensuring preferential duty claims can be substantiated.

- Minimize workload. Automating the management of free trade agreements alleviates the challenge of manually researching FTA rules, soliciting suppliers and maintaining multiple bills of material. Up-to-date rules of origin can be utilized, on demand from around the globe, to efficiently qualify products for multiple free trade agreements simultaneously, while only maintaining one bill of material, even if the parts were sourced from multiple suppliers.
- Revalidate FTA eligibility. Determining eligibility for free trade agreements is an ongoing process that needs to be managed continually. Doing so consumes a tremendous amount of time when done manually, from creating individual e-mails and spreadsheet of products purchased per supplier, to using spreadsheets to determine if a bill of material qualifies for a given FTA. Having a solution that automates these tasks can significantly reduce the time and effort required to perform each of these key steps.

Automating the FTA process not only provides a company an easy way to manage qualifications for multiple trade agreements, but also allows a company to simplify many of the auxiliary tasks that complete the FTA lifecycle. In automating the process and gaining greater efficiencies, companies can consider expanding the number of FTAs being managed or, at a minimum, can include all suppliers and products solicited under current FTAs.

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