



# How outsourcing key trade and customs activities can help elevate the global trade function

Outsourcing has been part of the global trade landscape for decades, but recent times have many companies giving this strategy a fresh look.

As geopolitical tensions, tariff wars and protectionist policies spread across the world map. Many global trade functions struggle to keep up with the increasingly complex operational tasks required to keep international supply chains flowing. As soaring tariff costs catch the eyes of company leaders, trade executives mired in the daily grind increasingly find themselves stressed and pressed to meet leadership requests for impact analyses and fresh ideas to curb costs and add value to the organization.

Further, managing operational trade tasks requires a significant global staffing and technology infrastructure. Feeding this infrastructure demands constant attention and significant resources to ensure up-to-the-minute responsiveness to regulatory, personnel and process changes.



## Where does today's trade executive find the time to meet all these demands?

Outsourcing task-based trade compliance activities to a trusted partner can free-up overburdened trade executives and team members to add strategic value higher up the value chain – picking the right solution, and the right partner, is key to success.



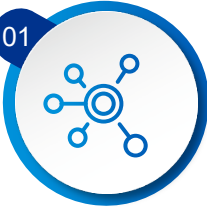
## For many organizations, outsourcing can provide an answer.

Outsourcing aspects of the high-touch transactional work that characterizes much of modern trade operations can redirect the focus of global trade executives to the big-picture where they can add greater value to the organization. This approach also offers opportunity for a more satisfying environment for in-house trade and customs teams more broadly, offering work that delivers more challenge, more variety and more intellectual reward, as well as more opportunities to be recognized as valued strategic partners across the business.

In fact, there is a growing trend across industries to separate trade operations from trade governance — to separate daily management of activity from oversight and strategy — in terms of both personnel and mandate. When done right, this not only fosters a checks-and-balance environment within the trade compliance function. It also offers a new avenue for global trade executives to move noise out of the system so they can devote more time and energy to areas that create value for the company.

Outsourcing elements of the trade operations function to a qualified and trusted provider, while retaining oversight and decision making within the company, is an evolution of this trend, and can offer dynamic results in several core compliance areas.

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## Which trade tasks are ripe for outsourcing?

Much of the day-to-day work of trade functions is exactly the sort of high-volume, labor or technology-intensive, non-strategic tasks that lends itself well to an outsourced service environment. For example:

### **Tariff classification:**

Everything that's imported and exported all over the world needs to be correctly classified under a tariff code. Different guidelines apply for each product, so many trade teams spend significant time, and resources, figuring out the right classification for each part number and SKU crossing a border, often multiple times as classifications are unique for each country.

### **Accessing free trade agreements:**

Proliferating trade agreements, such as those between China and ASEAN, Europe and Japan, are a boon for international companies because they limit import duty costs and can lead to significant savings. Whole supply chains can be developed around free trade agreements as a result. But a lot of work is needed to show individual products qualify under each agreement. Specifically, labor-intensive processes often require larger companies go to their suppliers for product-by-product origin information to support their origin declarations, which typically must be calculated each year based on specific bills of materials for each product and each free trade agreement used.

### **Import declaration monitoring and review:**

As a leading practice, many companies verify the accuracy and compliance of their import declarations submitted by their customs brokers. Even for high-volume importers, this monitoring effort can be done efficiently with the right technology tools and processes.

### **Resolving export sanction hits:**

Several jurisdictions, including China, the US and European Union, impose various sanctions and restrictions on exports to certain locations and individuals, so trade teams need to develop systems, controls and processes to screen parties to export transactions, and to evaluate and resolve system hits.

This work is hugely important to enhance compliance and contain costs, but it requires a large network of people in different places with different technical skills as well as different systems to give them the visibility needed to manage each transaction, day after day and year after year. Outsourcing the most labor-intensive portions of this function can significantly streamline trade compliance activities across the globe.



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## What could the future look like with outsourcing?

Imagine what global trade teams could accomplish if they could devote the time and energy currently spent on manual, day-to-day tasks to the more strategic work that is increasingly expected of them. For example, with the help of outsourcing, trade teams can:



Apply their knowledge of tariffs, trade agreements and rules of origin to advise on the most competitive jurisdictions for locating plants, sourcing inputs and setting up international sales and distribution functions.



Optimize the business's supply chain by keeping ahead of proposed new tariffs and preparing detailed government submissions to request and support tariff exclusions for their goods.



Work with the business's government relations team to identify proposed or pending legislation that could affect the business, and to develop mitigation strategies for influencing policies.



Network more extensively with other business units to keep in tune with new strategies and contribute to a multifunctional approach to business planning.

This final point highlights how a refocused internal trade team can rise in value in the eyes of leadership and other functions. For example, by working together with product designers and procurement teams, global trade professionals can help their companies design their products to attract to lowest tariffs possible. Similarly, they can monitor plans for upcoming local sales incentives and ensure the right resources are in place to manage surges in demand and get shipments processed without delay.



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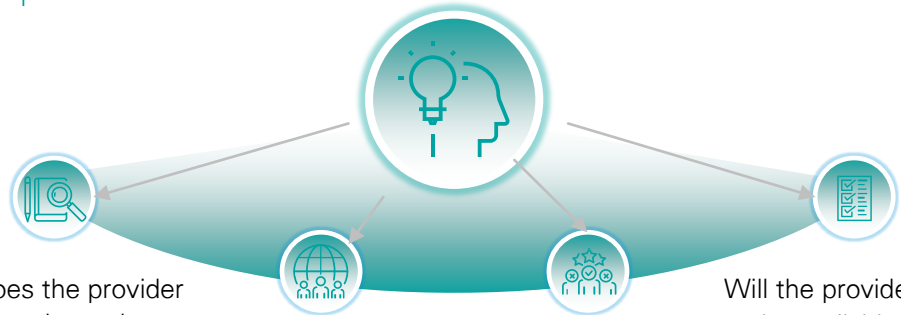
## What makes a good long-term outsourcing partner?

Of course, elevating the trade function's work can only succeed if the company's outsourced activities are well managed. Trade teams will remain ultimately responsible for the efficiency, accuracy and completeness of this work, so they need a high degree of confidence in the managed services provider they partner with.

A common reason that global trade executives may not want to outsource is a lack of standardization in their current practices combined with a belief that only well-defined processes should be handed off. This may be true when working with "old school" outsourcing providers. However, the right provider will have tools and trade process expertise to efficiently transform and standardize processes to industry leading standards.



Some questions to think about when choosing the right partner are:



Does the provider have the tools, automation and skill sets needed to address the relevant trade regulations globally and drive industry-leading accuracy and efficiency?

Does the provider have a strong grasp of the global trade issues that are important to C-suite executives? Can the provider deliver the real-time visibility and analytics needed to help trade teams not only answer but also anticipate questions from senior leadership?

Will the provider take a customer-centric approach to your changing compliance needs, for example, by tailoring their approach to suit your own various systems, approaches and data formats, and by adjusting the resources devoted to your activities as needed?

Will the provider make available real-time metrics and other data that will give you comfort that your company's trade compliance is being properly handled?



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### The long and short of it

Companies that take an outsourcing approach to trade compliance services stand to reduce cost and increase efficiency while elevating accuracy and quality. But peace of mind is perhaps one of the most under-appreciated benefits for global trade executives.

With everyday transactional activities in a trusted provider's hands, trade teams can avoid spending time fighting fires. Instead, trade executives can gain time and ability to focus on more substantive issues, partner with the business, drive better results and boost the trade function's brand across the organization, while taking advantage of best-in-class processes, the latest technology, and a global network of professionals that be scaled up and down as needs evolve.

If nothing else, changes in the global trade landscape and the trend toward virtual work environments present the perfect opportunity for multinationals to rethink how they manage their global trade operations. When it comes to managing trade, we believe that outsourcing is poised to become a key component of the new normal.

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