

Editor: Zsolt Szatmári



Global Trade and Customs: A Practical Comparison of Major Jurisdictions

IBFD

Global Trade and Customs

Why this book?

This book provides you with a comparative analysis of the customs rules that are central to global trade. It is unique in its focus not on one but seven jurisdictions. This makes it a valuable reference resource providing a wealth of information on customs practices and procedures in these key global trade countries.

It starts with an overview of customs-related topics on an international level. This is followed by separate chapters focusing on the key customs rules in Brazil, Japan, Singapore, South Africa, South Korea, the European Union and the United States.

Highlights:

- Unique overview of customs practices in selected countries
- Country chapters share a common structure, making it easy to compare topics among countries
- A valuable and convenient reference tool for customs professionals, finance managers and everyone interested in global trade and customs.

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Preface

Welcome to the first edition!

When my former colleague, the responsible coordinator at IBFD, approached me with the idea of this publication, it took me exactly 20 seconds to decide whether or not I wished to be part of it. You, distinguished readers, are holding the result of my decision in your hands. Thank you for placing confidence in IBFD and for devoting your attention to the topic of global trade and customs.

When preparing this publication, we discussed our strong desire to fill a gap in the market of internationally available finance publications. This desire derives from feedback from you, distinguished readers, as well as from personal experience in searching for adequate “self-help” during our daily work.

When one is a dedicated customs and trade professional, no time or trouble is spared in looking for and finding the solution to a particular situation. I deliberately use the word “situation” rather than “problem” because international supply chains are naturally loaded with a number of issues that we tackle and sometimes juggle every day. I dare say that if we did not enjoy this field of international business, we would not be part of it. We do this because we all know this field is great and challenging at the same time, and only the fittest succeed.

However, how can we catch and keep the attention of those who are new to this multifaceted topic? I believe it is best done not only by doing our job right, but also by explaining why we do it this way.

When thinking about how to depict our world best, the following thought came to my mind: if I wished to address it academically, I would probably say that written rules supplemented by the guidance of the competent authorities and their practical application are the core pillars of international trade and customs. Looking at it from a practical angle, however, I firmly believe that the pillars of international trade and customs are the various parties to the supply chain.

Pillars may well stand alone, but if so, they will rarely serve a practical purpose. As in the ancient temples of Greece and Rome, pillars need connecting elements, whether pediments or arches, that bridge the gap among the numerous edges and shape them into a distinct form. Within the international supply chain, the connecting element is communication among the various players.

There is a certain degree of standardization present in international trade and customs on account of the international conventions and multilateral agreements that serve as the basis of the regulatory framework. This standardization is also present in the layout and data content of customs and trade documentation for use along the supply chain. One would think that a standardized document can only be interpreted in the one way it was intended. However, I am truly amazed by the creativity and originality of customs officials at times when interpreting otherwise uniform sets of rules. Now the fun begins...

Let us imagine the following scenario: the global trade specialist of a global enterprise has been given the task of streamlining its customs and trade processes to make them manageable by the enterprise resource planning (ERP) system. A very logical thought would be, for instance, to compare the documents/data content required for the same customs procedures/same number of parties/same exporting country/same importing trade bloc and create one standard process for each of these flows. However, when members of the same trade bloc interpret their own commonly applicable rules differently, an exporter sitting in e.g. Switzerland has to fulfil different criteria based on the same set of rules, depending on which country of the, e.g. Association of Southeast Asian Nations (ASEAN) trade bloc he exports to. Though unimaginable in theory, this is a very vivid example in practice.

In the most extreme case, the same trade flow will have to have different data and accompanying paperwork, depending on the country of import/final destination. If importation happens at more than one point of entry into the country of importation (e.g. at more than one seaport), the situation can become even more colourful. Close cooperation with the IT department will be required in order to implement the necessary customization to fit all needs. Also, upper management must understand why a deviation from the standard solution of the ERP system is required, as such customizing creates extra costs that may not have been planned for.

International trade in the current digital environment has itself become largely digitalized. However, even jurisdictions perceived as rather progressive – here, I have my elected country of residence, Switzerland, in mind – have not yet succeeded in entirely eliminating paper-based customs documentation. Thus, the parties to an international supply chain must manage – apart from their core competence of moving goods from point A to point B in a safe, secure and timely manner – their communications along multiple channels.

All of this costs time, effort and – let us be frank – quite some nerves. We are often perceived as roadblocks to fast-moving business and are invited to the discussion table only when decisions have largely been finalized. My strong desire is to change this and make decision-makers aware that customs, trade and supply chain professionals must be the first to come to mind when plans for a new project/customer relationship/prototype are beginning to take shape.

Despite, or perhaps thanks to, the multifaceted nature of customs and international trade, I truly believe that the three “T”s of communication – transparency, tactfulness and trustworthiness – are our greatest resources in making sure we do our job well.

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