



BEER WINE & SPIRITS

IDENTIFYING COST SAVINGS IN THE CUSTOMS CLEARANCE PROCESS

CASE STUDY

Due to the additional tariffs being imposed on liquor, a large wine and spirits importer was getting close to exceeding their bond amount and their current customs broker was requiring a large amount of collateral in order to increase their bond amount. The importer was required to use a specific 3rd party distribution center in the Southeast region of the United States that had limited hours of receiving. They were spending a substantial amount of money and time trying to secure truckers and make deliveries within the receiving hours with the added challenge of managing reefers.



OPPORTUNITY

A large wine and spirits importer's current customs broker was getting their customs entries filed, but they were not up to the task of being a trusted advisor. The importer needed a customs broker who could provide advisement in the following areas:

- Classification guidance on gift boxes;
- Exporting freight and recouping any paid duties; and
- Navigating the newly created Craft Beverage Modernization Act (CBMA).

If the bond amount doesn't get increased, U.S. CBP could deem the bond insufficient, which would result in a possible stoppage of the importer's supply chain. This would be catastrophic for the company.

The importer's team was spending unnecessary money and time on attempting to manage truckers, free time, and receiving hours. With product in containers instead of the distribution center, they could potentially miss sales.

Lastly, they faced a potential risk of product spoilage if reefers holding product were left unplugged. The importer could not rely on their current customs broker for best practices or cost saving ideas. They were spending valuable hours researching and were limited by the importer team's own experience and findings.

OUR SOLUTION

Expeditors worked with our surety provider to obtain approval for a new bond with an increased limit and no collateral was required. When Expeditors started handling the importer's deliveries, we were also awarded their customs clearance.

Our priority was to ensure the freight was cleared and ready to go before it arrived. This eliminated a barrier to getting it picked up timely. We then leveraged our service provider network to ensure we had multiple truckers we could utilize.

We then surrounded the importer with what Expeditors does routinely for our Customs accounts by:

- Leveraging our network to help create a team to support the uniqueness of their account;
- Co-creating a plan to claim CBMA on past entries and deciding how to move forward to claim at time of entry; and
- Sharing options and best practices for classification and exporting; and
- Introducing them to a Quarterly Business Review (QBR) process - which their other customs broker never had; and
- Presenting data and analytics to help them understand their current business and make future choices.

THE RESULTS

The importer's freight continued to move and with no impact on the flow of freight through the U.S. The importer has confidence that the bond amount can be increased as their business continues to grow and has peace of mind that Expeditors has a process in place to monitor their bond sufficiency throughout the year.

They also saw a reduction in demurrage costs, however, they were not completely eliminated as the limited receiving hours remained a challenge.

Most importantly, the importer no longer feels that they are doing it alone. They now have a partnership, not just an order taker.



One completed CBMA post entry project was able to recoup **\$300K** in refunds