

Customised choice

You're in Germany and looking at importing a product. One supplier in Mexico says they can offer it at \$105. Another in the US says they can offer it for \$100. With all else being equal you'd naturally go for the cheaper alternative. But what is often not considered is the Free Trade Agreement (FTA) between Europe and Mexico. In some cases customs duties can be 0%, in others up to 20% or more depending on the preferential status of a product. Thus it can become considerably more expensive if importing from certain countries.



In markets, particularly such as the automotive, when customs duties can be very high, there are often considerable savings to be made. In the case of customers of global customs solutions provider, MIC, often millions of pounds. MIC is something of a specialist in this industry, with customers such as General Motors, Ford, Daimler, Mercedes, Peugeot Citroën, Scania and others. Sales & Marketing Director, Rainer Roll (pictured), spoke to *Logistics Business IT* about their solutions.

MIC Customs Solutions was founded in 1989 in Austria. Their customs software solutions can be integrated into an ERP system such as Oracle, SAP or any other enterprise or legacy system. "MIC can also support the customs departments in implementing automated import and export such as inward & outward processing relief, bonded warehouse and free zone as well as processing under customs control. One of the specialties is also the increase of the automation level in the tariff classification process by introducing our global classification tool," says Roll. MIC additionally supports customer in their origin calculation and supplier solicitation process as well as in aspects of compliance such as Export Control incl. Denied Party Screening.

Naturally it would be multi-national companies that require such services and Roll confirms that the company has sufficient infrastructure to support their global clients. "As well as our European offices we have 2 offices in the US," he says, "where we cover our 24/7 support. We also plan to establish an office in Asia by the end of next year." Particularly of interest

are Thailand and Singapore because of increasing business opportunities there. "We have customers using MIC software in Asia," confirms Roll. "There are customers already in Thailand, China and other Asian countries. Most of our customers started the software in Europe and then rolled it out into further countries outside of Europe."

One of MIC's products is their origin calculation (MIC-OCS), which consists of 3 pillars: Supply Chain Solicitation, the Free Trade agreements and the origin calculation itself, explains Roll. "We

receive, for example, the order data from various ERP systems. Based on this we automatically generate long-term supplier declarations, which are then sent out to the related supplier for collecting the preferential country of origin as well as preferential status for the supplied goods under the requested FTA. This is a legal requirement for suppliers and usually done by exchanging Long Term Supplier Declarations on paper. Nowadays it can in most cases be done over the web through a portal that MIC has designed to make the process faster, cheaper and more transparent. Originals can be signed and uploaded in cases of countries where customs authorities require it. In order to cope with the huge number of Free Trade agreements across the globe, MIC designed a flexible rules engine that automatically allows new free trade agreements as they become established and today supports more than 70 FTAs in productive usage.

The third pillar, explains Roll, is the origin calculation itself. "We get all the bill of materials - often multi-level - from the various systems and then calculate whether the finished product is certified for preferential status or not under the selected FTA. This is important because if the finished product has preferential status then this also means more competitiveness to our customers." Further such origin calculation processes can also be used for simulations in order to come to the most cost-efficient and competitive sourcing decisions as described already. So origin calculation is not just a topic for customs - it's an important topic with a huge optimisation potential for the complete supply chain.

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