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Near-Sourcing: The Way Forward

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Crossing Borders: Effectively Streamlining Your Near-Sourcing Operations, By Troy Ryley

As more companies are shifting operations closer to home to adapt to the difficult economic climate, they are met with the complex and often costly processes that come with moving freight across the U.S. and Mexico border. Not only do companies need to comply with the strict regulations implemented by the Mexican government, but must take into consideration the cultural and language barriers as well. The unique challenges that come with trans-border transportation, along with the constant pressure to cut time and cost out of the supply chain, have many companies struggling to develop strategies that streamline the trans-border process in order to achieve the maximum benefits of near-sourcing their operations.

Throughout the import/export process, shippers face the difficult task of working with multiple organizations in both the U.S. and Mexican. A shipper moving cargo to Mexico must effectively communicate with up to five groups involved in the process, including: a U.S. carrier, U.S. customs broker, Mexican forwarder, Mexican crossing agent, Mexican customs broker, and a Mexican trucking company. This complex process can add days or even weeks to the transit time. Without the appropriate documentation needed by any of these “touch points,” there is a risk of long and costly delays.

Mexican import law contains stringent regulations and restrictions making it crucial that the shipper provide Mexican customs officials with the necessary information regarding packaging, labeling and quality standards. In order to import cargo to Mexico, shippers must work closely with a customs broker, as Mexican law permits only customs brokers to submit an Importation Declaration for a clearance of goods into Mexico. Additionally, Mexico also has an elaborate system of mandatory federal standards and numerous enforcement agencies that impose import restrictions and require the appropriate permits for entering the country. Throughout the import process, shippers are required to provide crucial documentation to both U.S. and Mexican customs officials, including: Commercial invoice, Bill of Lading, U.S. Shipper’s Export Declaration, Legalized Commercial Invoice, NAFTA origin and Certificate of Origin, some of which must be delivered in Spanish.

During the customs clearance process, merchandise can be unloaded and evaluated by service agents multiple times. These inspections ensure that the physical freight matches the documentation to verify proper duties and taxes are being paid. This process typically takes a matter of hours; however, that period may be longer when discrepancies are discovered. Since a U.S. carrier, U.S. customs broker, Mexican forwarder, Mexican crossing agent, and Mexican customs broker can all be handling both the cargo and necessary documentation, any breakdown in communication can be costly.

Although documentation and security requirements are different for importing and exporting cargo in Mexico, much of the required information is the same. Leveraging a technology solution to handle transportation management can greatly streamline the process and reduce the risk of errors. Automating the transportation management allows shippers to consolidate the documentation process and connect all parties involved, allowing them access to shipment details when and where they need them.

Shippers can achieve even greater efficiency by outsourcing their logistics services. By working with a third-party logistics provider (3PL), shippers can leverage comprehensive trans-border supply chain solutions as well as knowledge of Mexican culture and customs procedures, thus reducing the investment into the resources needed to effectively navigate the challenges that come with cross-border transportation.

With a TMS solution in place and/or a logistics services provider handling these cross-border activities, not only can shippers streamline the documentation and communication process, but they also can enhance visibility to create a smoother, faster and more predictable supply chain. Increasing visibility allows shippers to gain more insight into choosing the right carriers to fit their needs and make adjustments based on exchange rates and shifts in equipment capacity.

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