

CASE STUDY

Better Transportation Management & Customs Compliance

The client is a leading U.S. garment importer with distribution facilities in Oklahoma and California. The company currently imports from over 14 countries.

Client Challenge

Mohawk Global Trade Advisors (MGTA) was introduced to the garment importer as a supply chain consultant and was tasked with uncovering gaps in their supply chain, evaluating their logistics providers, auditing their Customs compliance programs, and identifying cost savings opportunities. At the time, the garment importer worked with several freight forwarders and had a long standing relationship with a Customs broker in Texas.

After a six month on-site evaluation at the importer's corporate headquarters in New York and their distribution facility in Oklahoma, MGTA presented its findings, identifying several deficient areas in the company's supply chain. As a result, the importer signed a one year consulting agreement with MGTA.

Our Solutions

The MGTA team presented the importer with solutions for transportation management, Customs compliance, and Foreign Trade Zone implementation.

Transportation Management – Import Ocean Freight

MGTA found that the importer was paying above market for import ocean freight service into Los Angeles and Dallas. In response, MGTA

ABOUT MGTA

Mohawk Global Trade Advisors (MGTA) is a consulting company based in Syracuse, New York. Consisting of a group of experienced trade compliance specialists, it offers a robust array of workable strategies for companies operating in the global marketplace.

As seasoned veterans of the international trade and Customs brokerage industries, the MGTA team has the knowledge and real world experience to help companies plan, execute, manage, and maintain compliance programs to meet current regulatory standards and operations goals.

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administered an ocean freight Request for Quotation (RFQ). The results of the RFQ suggested that the importer should enter into service agreements directly with ocean carriers. This would provide the importer with fixed pricing and capacity for a twelve month period, as well as additional “free time” at the port or rail yard. The results of the RFQ also suggested that the importer should select two forwarders, based on service coverage and pricing, to manage all bookings and customer service in Asia and the U.S. Once the carriers and forwarders were in place, the importer was able to take advantage of the “spot” ocean freight market to further drive down cost. The RFQ generated an annual savings of over \$500,000 on 1,500 forty-foot containers.

MGTA has saved the importer over \$3.5 million in import ocean freight, demurrage, and per diem charges. Today, the importer ships over 3,000 forty-foot containers a year, with MGTA managing and negotiating new carrier and forwarder contracts every year. MGTA also reviews and approves all ocean freight invoices before sending them to the importer for payment. This saves the importer approximately \$30–50,000 in over-charges every year.

Transportation Management - Ocean Drayage RFQ

MGTA found that the importer had been relying on one main drayage provider without renegotiating rate levels based on the company’s substantial growth. MGTA administered a local drayage RFQ in response, resulting in additional service providers and nearly doubling the driver capacity from 145 to 245. The savings from the RFQ was over \$100,000. The drayage project also established a network of trans-loading and warehousing services on the West Coast for delivery to large customers like Wal-Mart and Target. To this day, MGTA continues to administer an annual drayage RFQ on the importer’s behalf. The total savings to date is \$750,000.

Customs Compliance

MGTA found that the importer’s Customs compliance manual and program had not been updated in years. Working with the importer’s in-house broker, MGTA updated the manual that is used today to ensure that best practices are implemented and followed. MGTA currently performs an annual audit of the importer’s Customs compliance program, product classifications, and record keeping.

MGTA also introduced the importer to ACE, assisted in establishing an ACE portal account, and helped the company apply for Periodic Monthly Statements. Due to the nature of the importer’s product, there were

large outlays for duties and taxes. Periodic Monthly Statements helped to optimize cash flow and administer payments to Customs.



Foreign Trade Zone Implementation

MGTA identified the opportunity to use a Foreign Trade Zone (FTZ) in Oklahoma to defer duty payments, as well as reduce import taxes and Customs clearance fees. MGTA assisted the importer in applying for FTZ operating authority and selecting FTZ inventory management software. The FTZ in Oklahoma has been up and running for the past two years; and the company is now working to expand the program to their California facility. The FTZ saves the importer \$250,000 a year.