

FOR DECISION-MAKERS IN SUPPLY CHAIN

Supply Chain

Effect

ISSUE 4/2023

THE FUTURE OF WAREHOUSE AND LOGISTICS AUTOMATION

Interview Niklas Jalkner: **"Automation will separate the chaff from the wheat"**

Kembro & Norrman: **Industry 5.0 and new skills needs in the warehouse**

Man + machine = dream team?

Smart handling of customs and customs warehouses increases your profitability

BY MATS NILSSON

Having equivalent items in customs warehouses and EU warehouses has previously been difficult, sometimes even impossible, and the costs of this have been a deterrent for many companies. But nowadays there are new opportunities to manage this effectively and get positive results on the bottom line.

Currently, the Swedish Customs Service uses electronic traceability using software solutions that are integrated with the goods owner's business system at one end and the Swedish Customs Service's own system at the other end. Through a controlled and tight integration, the right conditions are created to have equivalent articles in both customs warehouses and EU warehouses. This process opens up opportunities for companies to control that their customer deliveries are picked from the right stock type. If the delivery is destined for the EU, the goods should be picked from the EU warehouse, for the delivery out of the EU the goods should be primarily be picked from the customs warehouse. This type of handling or process is sometimes called "Best pick" and refers to an economically optimal use of the combination of customs warehouses and EU warehouses.

Better liquidity and smarter purchasing

For many companies, a customs warehouse is a convenient way to store goods that are not to be sold within the EU directly upon entry. By storing goods in a customs warehouse, liquidity is improved and payment peaks are cut. The goods are in safe custody in the customs warehouse without a time limit.

It is only when any goods are delivered that taxes and fees are charged. Of course, this process also makes it possible to plan larger purchases

at better prices. If the goods are to leave the EU, import duties also do not need to be paid for entry into the EU.

Start with a feasibility study

A duty-free warehouse does not automatically mean large costs and a poor ROI. Take a good look at what it would look like for your business now and in the future. If you feel unsure about what applies, there are many of companies on the market that can provide help – a feasibility study will give you a clear indication of which way it is leaning. For the warehouse and logistics solutions of the future, flexible and automated customs handling is a very important part, where problems that arise are quickly identified and clearly visualized for the correct functions in the companies. In this way, negative consequences in the next stage, such as customer delivery, are reduced and to some extent eliminated.

Own staff or customs agents?

Should you hire your own staff or is there another way? Yes, this question may be important to think about. Not infrequently, companies that have looked at a solution with a combination of customs and EU warehouses say that the personnel costs for that handling will skyrocket and that that cost cannot be justified. As with most things, there is an alternative handling of this process,



Photo: Shutterstock/Gorodenkoff

namely having an agent taking care of the customs handling. On the other hand, as the owner of the goods, you can never “buy yourself free” from responsibility towards the customs office by hiring a customs agent.

Can everyone use a customs warehouse?

Can everyone use a customs warehouse, or duty-free warehouse, as it is also called? The simple answer is yes. In principle, it is possible for everyone with a process where products are delivered from countries outside the EU to the EU. Within certain industries, customs warehouses have been used for a long time, but I want to emphasize that there are currently more industries and thus companies that could benefit from this solution. Maybe you think that; “We already looked into this 10 years ago and it’s nothing for us”. But since then a lot has happened. So do a retake, or those of you who haven’t looked at it – think about it and do a feasibility study on what a duty-free warehouse could bring to your company in the future.

Big changes bring new opportunities

There have been major changes to global trade agreements as well as to the conditions from Swedish Customs over the past ten years. This opens the door for many new businesses to take advantage of the benefits of customs warehousing.

The Swedish Customs has not lowered the requirements, 100 percent traceability is still required, but the conditions have changed to benefit a more efficient customs handling.

Let’s look up and not just get bogged down in the somewhat rigid customs handling. Humans have been buying and selling things for a long time. This behavior has not fundamentally changed over time, what has changed is how, where and what we buy. As long as we cannot teleport goods electronically, we have to do the next best thing and that is to have an optimized supply chain where both transport booking and customs handling are key processes to get the goods out with a single click.

So finally, it is really worthwhile to explore the possibilities of an optimized customs handling. A correct and optimal handling of customs and customs warehouses has a direct impact on the bottom line – and now the conditions are in place!

.....
Mats Nilsson is Key Account Manager at PipeChain SCM.