



Companies dealing with automation challenge

Interview with Juan Pizano, Foreign Trade Partner, Deloitte Mexico

01. What challenges do companies face when automating the import / export process and trade compliance ?

We are experiencing an automation technology revolution, and trade and customs activities cannot afford to lag behind.

Despite Brexit, the possible renegotiation of NAFTA and other developments affecting global trade, the liberalization of global trade is accelerating. Globally, there are more than 400 free trade agreements

(FTAs) in effect, three times as many as there were in 2004. Increasingly complex supply chains and more zealous and interconnected customs authorities around the globe make the automation of trade and customs activities an imperative for companies.

Companies today are facing a similar dilemma to the one they faced in the 1980s when deciding whether to implement an ERP system—whether or not to invest in technology to automate an activity that currently is being performed manually. Automation is key to having

quick access to the data necessary to properly manage and plan for customs duties, screen transactions, report international trade data efficiently and comply with local rules, etc. I would say companies definitely should automate—and soon .

02. How are companies dealing with the customs automation challenge?

Many companies in the LATAM region are still trying to decide whether they need to automate . This dilemma arises from the fact that documenting customs and

trade-related activities have always been done manually, mainly using complex spreadsheets. However, I would say that this is not a reason to avoid automation—instead, it's the main reason for starting to work out how to begin the process.

Also, small and medium-sized companies tend to believe that automation is the preserve of multinationals or larger companies, a perception that is inaccurate. In fact, the larger the operation, the harder it is to automate; if companies begin this process while they are still growing, compliance, traceability and strategic planning through technology will not be problematic once the company is fully developed.

However, it may be difficult to obtain funding for these projects if the pressure comes from the bottom. Upper management needs to understand that automation is critical—it not just financial investment that is required but also the substantial involvement of senior management to ensure that the right technology is selected and to map out a successful implementation path.

3. Are customs authorities involved in this automation process?

The customs authorities in Latin America began to automate more than a decade ago. Five years ago, the Mexican customs authorities launched the Single Window for Foreign Trade (VUCEM), a technology platform to automate and digitalize the customs clearance and all related procedures, such as those for granting import permits and licenses.

But it is not only customs procedures that are being automated. In the not too distant future, the tax and customs authorities will begin conducting what they call “electronic audits,” which are intended to be paperless reviews based on data already obtained by the authorities from a variety of sources: customs, income tax and the taxpayer’s registry, among others.

The objective is clear, tax revenues need to go up and the customs authorities have realized that using technology makes the audit process more rigorous, gives it a sharper focus, makes it more effective—and cheaper.

4. Which trade and customs activities can be automated?

The entire customs process can be automated. Import and export activities, of course, but also the trade programs (such as IMMEX compliance in Mexico) and tariff classifications. A special area of focus should be the management of FTAs. Eligibility qualification for FTA purposes is one of those processes that historically has been done manually.

This represents not only a compliance risk, but also a risk that duty optimization opportunities may be overlooked and lost. With the changing environment, with ever more complex supply chain arrangements and more active customs authorities, FTA management should be at the top of a company's automation priorities.

Automating this activity will include not only choosing the best software, but also taking the opportunity for a major review of the origin eligibility process.

Aguascalientes

Universidad 1001, piso 12-1
Bosques del Prado
20127 Aguascalientes, Ags.
Tel: +52 (449) 910 8600
Fax: +52 (449) 910 8601

Cancún

Avenida Bonampak SM 6, M 1, lote 1, piso
1077500 Cancún, Q. Roo
Tel: +52 (998) 872 9230
Fax: +52 (998) 892 3677

Chihuahua

Av. Valle Escondido 5500
Fracc. Des. El Saucito E-2, piso 1,
31125 Chihuahua, Chih.
Tel: +52 (614) 180 1100
Fax: +52 (614) 180 1110

Ciudad Juárez

Baudelio Pelayo No. 8450
Parque Industrial Antonio J. Bermúdez
32400 Ciudad Juárez, Chih.
Tel: +52 (656) 688 6500
Fax: +52 (656) 688 6536

Culiacán

Calz. Insurgentes 847 Sur, Local 103
Colonia Centro Sinaloa
80128 Culiacán, Sin.
Tel: +52 (667) 761 4339
Fax: +52 (667) 761 4338

Guadalajara

Avenida Américas 1685, piso 10
Colonia Jardines Providencia
44638 Guadalajara, Jal.
Tel: +52 (33) 3669 0404
Fax: +52 (33) 3669 0469

Hermosillo

Blvd. Francisco E. Kino 309-9
Colonia Country Club
83010 Hermosillo, Son.
Tel: +52 (662) 109 1400
Fax: +52 (662) 109 1414

León

Paseo de los Insurgentes 303, piso 1
Colonia Los Paraísos
37320 León, Gto.
Tel: +52 (477) 214 1400
Fax: +52 (477) 214 1405

Mazatlán

Avenida Camarón Sábalo 133
Fraccionamiento Lomas de Mazatlán
82110 Mazatlán, Sin.
Tel: +52 (669) 989 2100
Fax: +52 (669) 989 2120

Mérida

Calle 56 B 485 Prol. Montejo Piso 2
Colonia Itzimna
97100 Mérida, Yuc.
Tel: +52 (999) 920 7916
Fax: +52 (999) 927 2895

Mexicali

Calzada Francisco López Montejano 1342
Piso 7 Torre Sur
Fraccionamiento Esteban Cantú
21320 Mexicali, B.C.
Tel: +52 (686) 905 5200
Fax: +52 (686) 905 5232

México, D.F.

Río Lerma 232, piso 9
Colonia Cuauhtémoc
06500 México, D.F.
Tel: +52 (55) 5080 6000
Fax: +52 (55) 5080 6001

Monclova

Blvd. Ejército Nacional 505
Colonia Los Pinos
25720 Monclova, Coah.
Tel: +52 (866) 635 0075
Fax: +52 (866) 635 1761

Monterrey

Lázaro Cárdenas 2321 Poniente, PB,
Residencial San Agustín
66260 Garza García, N.L.
Tel: +52 (81) 8133 7300
Fax: +52 (81) 8133 7383

Carr. Nacional 85, 5000, local S-6
Colonia La Rioja
64988, Monterrey, N.L.
Tel: +52 (631) 320 1673
Fax: +52 (631) 320 1673

Nogales

Apartado Postal 384-2
Sucursal de Correos "A"
84081 Nogales, Son.
Tel: +52 (631) 320 1673
Fax: +52 (631) 320 1673

Puebla

Edificio Deloitte, Vía Atlixcayotl 5506, piso 5
Zona Angelópolis
72190 Puebla, Pue.
Tel: +52 (222) 303 1000
Fax: +52 (222) 303 1001

Querétaro

Avenida Tecnológico 100-901
Colonia San Ángel
76030 Querétaro, Qro.
Tel: +52 (442) 238 2900
Fax: +52 (442) 238 2975, 238 2968

Reynosa

Carr. Monterrey-Reynosa 210-B, PA
Fracc. Portal San Miguel
88730 Reynosa, Tamps.
Tel: + 52 (899) 921 2460
Fax: +52 (899) 921 2462

San Luis Potosí

Av. Salvador Nava Martínez 3125, 3-A
Fracc. Colinas del Parque
78294 San Luis Potosí, S.L.P.
Tel: +52 (444) 1025300
Fax: +52 (444) 1025301

Tijuana

Misión de San Javier 10643, Piso 8
Zona Urbana Río Tijuana.
Tijuana B.C., 22010
Tel: +52 (664) 622 7878
Fax: +52 (664) 681 7813

Torreón

Independencia 1819-B Oriente
Colonia San Isidro
27100 Torreón, Coah.
Tel: +52 (871) 747 4400
Fax: +52 (871) 747 4409

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/mx/aboutus for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and advisory to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 225,000 professionals are committed to making an impact that matters.

As used in this document, "Deloitte" means Galaz, Yamazaki, Ruiz Urquiza, S.C., which has the exclusive legal right to engage in, and limit its business to, providing auditing, tax consultancy, financial advisory, and other professional services in Mexico, under the name "Deloitte".

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity who relies on this publication.