Custom logistics

The better the question. The better the answer.
The better the world works.

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Building a better
working world

Agenda:

1. Principles of Custom logistics
2. Customs General Process:
   2.1 Import documentation
   2.2 Inspection and Damage
3. Barriers for Custom logistics
4. Ways of improving Custom Logistics

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Customs logistics is the newest applied field of logistics, which connects two different, but interrelated areas - logistics and customs activities.

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► The main participants in this market are:

- customs representatives;

- owners of temporary storage warehouses, customs and free warehouses;

- customs carriers.

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► Customs logistics has its own object field of foreign trade (commodity, financial information services) flows during the movement of goods across the customs border.

► Kind of flows: material, financial, information.

► Financial flow: payment for a product, custom taxes.

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► **Tasks of customs logistics:**

1. Optimization of the pricing process of goods and services that are supplied;

2. The choice between delivery and organization of warehousing or delivery without intermediate storage;
3. Organization of work of foreign branches of the company;
4. Analysis of the international regulatory framework for the supply of goods and services
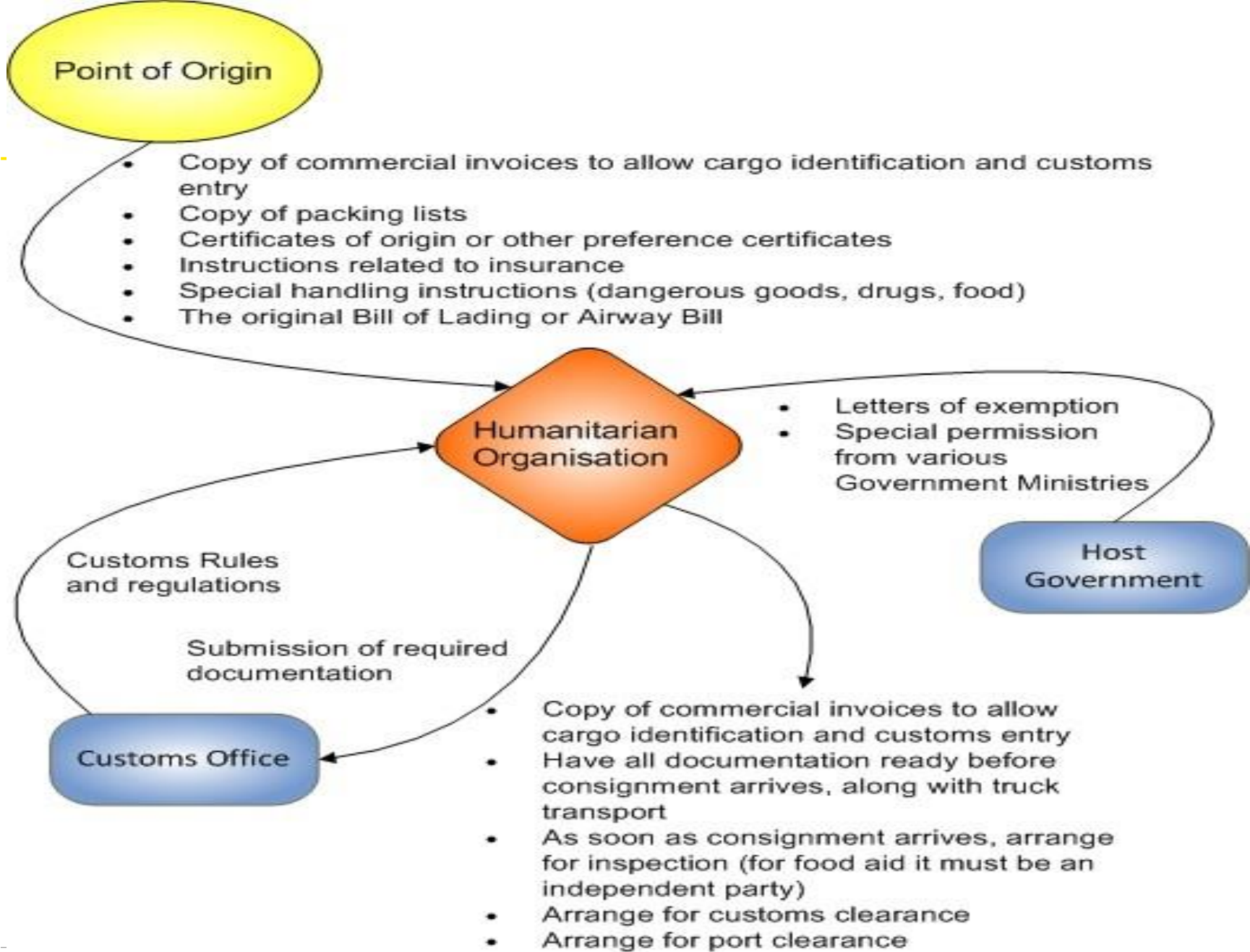
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Customs General Process

It is important to understand customs procedures and the requirements for importation and clearance through customs.

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► A thorough analysis and understanding of all customs guidelines and requirements including the necessary documentation will help logisticians to better facilitate import and export of goods.

► Import documentation required:

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Point of Origin

- Copy of commercial invoices to allow cargo identification and customs entry
- Copy of packing lists
- Certificates of origin or other preference certificates
- Instructions related to insurance
- Special handling instructions (dangerous goods, drugs, food)
- The original Bill of Lading or Airway Bill

Humanitarian Organisation

- Letters of exemption
- Special permission from various Government Ministries

Host Government

Customs Rules and regulations

Submission of required documentation

Customs Office

- Copy of commercial invoices to allow cargo identification and customs entry
- Have all documentation ready before consignment arrives, along with truck transport
- As soon as consignment arrives, arrange for inspection (for food aid it must be an independent party)
- Arrange for customs clearance
- Arrange for port clearance

NOTE: at all costs try not to have your consignment warehoused at the port. Where

► **Inspection and Damage**

► There are three types of inspection:

► visual, looking for physical damage or defaults;

► quantitative, represented by shortfalls in quantity;

► qualitative, identified by divergence from specifications.

► Note that all visible damage and shortfall must be clearly indicated on the shipping documents and claims lodged.

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Barriers for custom logistics:

► **Custom legislation;**

► **Taxes and payments;**

► **Currency exchange rates;**

► **Product and package standardization;**

► **Differences in legislation;**

► **Cargo theft;**

► **Political barriers.**

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Ways of improving

- ► 1. Partnership.
- ► 2. Security: information, staff.
- ► 3. Technologies.
- ► 4. Communication.
- ► 5. Simplicity.

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Task

► The logistics service of the furniture company conducted a study of the timber market. As a result, were selected the three most attractive suppliers. Vendor evaluation was conducted on a 10-point scale by seven criteria:

► I – delivery time;

► II –quality of delivered goods;

► III – conditions of payment (cash, bank transfer, bill of exchange);

► IV – the financial condition of supplier;

► V – price;

► VI – safety of delivered goods;

► VII – the possibility of unplanned supply.

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Find out the most optimal supplier.

Criterion	Specific weight criterion,	Numerical score,			Weighted score		
		A	B	C	A	B	C
I	0,15	8	7	9			
II	0,13	6	6	10			
III	0,08	9	9	5			
IV	0,15	7	8	6			
V	0,20	8	7	8			
VI	0,12	10	6	9			
VII	0.17	7	8	7			

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Task

Company «A», engaged in the implementation of food, decided to buy a warehouse for market expansion in the southeast of Kazakhstan. It suggests that the annual turnover of the warehouse should reach 16000 tg. The average period of storage – 25 days. Determine the required storage capacity (E-?).

Q – annual turnover,
T_{xp} – average period of storage,
t – the number of goods received per year.

$$E= Q/t; t=365/T_{xp}$$

Task

► Warehouse worked 19 days for a month (30 days). The goods coming to warehouse through the acceptance expedition, if the warehouse is not working. Determine the percentage of cargo that passed through the acceptance expedition, if within a month the goods received uniformly every day.

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Thank YOU