

Tradeflow and Tradewin Classification Services

The Importance of Product Classification

Product classification is an essential component of an organization's global trade strategy. The wrong product classification can mean a significant financial burden to a company in overpayments, fines or penalties. For those entrusted with managing their company's global trade compliance, one of the most important steps a person can do is to ensure there is a defined and disciplined process for classifying a company's goods. When internal resources – both systems and people – are not enough to support the necessary classification procedures, the solution may lie with third parties who can fill the compliance gap.

Knowledge Does Matter

The knowledge level needed to classify goods is a unique skill set, which combines the ability to understand the methodology of the Harmonized Tariff Schedule (HTS) of each country along with knowledge about the product to classify. Because an incorrect classification can cause issues later, it is not an effort to hastily undertake. Thus, many companies find it challenging to achieve a successful tariff classification process without the properly trained personnel who have sufficient time to classify correctly.

The Significance Of Robust Processes

Determining the correct product classification is only the first step. It is essential to have procedures in place to centralize and distribute product classifications to a company's trade partners, such as the customs broker, freight forwarder or other logistics party. Often, companies rely on email and spreadsheet files for communicating classification details. This approach inevitably has its disadvantages and risks. Often, the process is not centralized; there is no audit trail of changes; and quite often no systematic way of exchanging the product information with third parties, or internal company systems. Internal Enterprise Resource Planning (ERP) systems often lack enough supporting compliance-level data to exhibit due diligence, such as the name of the person who classified the product and justification notes for back up.

Tradewin & Tradeflow

Tradewin is a wholly-owned subsidiary of Expeditors, providing expertise in customs compliance and other government regulations to companies involved in global trade. Tradeflow is a web-based software suite designed by Expeditors for use by customers. Divided into integrated modules, or centers, Tradeflow facilitates activities such as global product classification, landed cost estimation, document creation and restricted party screening.

Local Knowledge & Experience, Global Reach

Working with your company's product experts, and using sound tariff classification principles, Tradewin consultants will determine the function, form and composition of your product. Each consultant will fully research all relevant binding classification rulings, and assist your company in obtaining rulings if needed. Tradewin can also assist you in determining the country of origin that, in combination with the HS Code classification, may allow you to take advantage of special trade programs, such as Generalized System of Preferences (GSP), NAFTA and many others.

Technology, The Game Changer

Tradeflow's Product Management Centre is a database designed to store a customer's cross-border product information, acting as a centralized data warehouse for product classification and related compliance attributes. With over 115 country tariff schedules to reference, it is a valuable resource to manage classification procedures globally. Tradeflow provides efficiency features such as Mass Updates, automated back-end uploads and extracts, and saved searches to make the classification process more efficient to manage. In addition, a history of changes made by users provides the audit trail that compliance managers need. Many of these features are not available in internal company ERP systems. Sourcing the trade content (HTS) is another barrier many companies faces with trying to manage this data internally.



The Power Of Collaboration

Through collaboration and integration, a customer can electronically communicate with Tradewin using the Tradeflow platform. When there are new products to classify, these can be directly assigned to a Tradewin resource. If there are any questions during the classification process, these can also be coordinated through Tradeflow's "Assigned To" feature. In addition, Tradeflow provides many flexible reference fields that can be customized for each customer process; these provide a place to store additional data attributes that are useful throughout the classification process, and for auditing purposes later. Once the product classification is complete, the information can be automatically sent out to third parties, such as a customs broker.

Taking Your Company To The Next Level

Building a comprehensive tariff classification database of Harmonized System (HS) codes is one of the best steps a company can take in managing products that move across borders. Whether upon export or import, a Customs authority will, at some point, need the HS Code for your product. Proper declaration of a product's tariff classification can expedite customs clearance and final delivery. By combining the system resources available with Tradeflow and the trade consulting expertise of Tradewin, companies have a comprehensive solution for product classification and distribution to necessary stakeholders.

