

CASE STUDY

ELECTRONICS. ESTABLISHING FTZ.

Livingston International helps client establish Foreign Trade Zone – and save \$1 million.

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The information age relies on a steady supply of electronics, and few businesses understand this better than a Livingston International client that distributes the components and products used to build enterprise computer and storage systems.

Whether the goods are shipped directly or as part of a value-added assembly, everything needs to arrive on time.

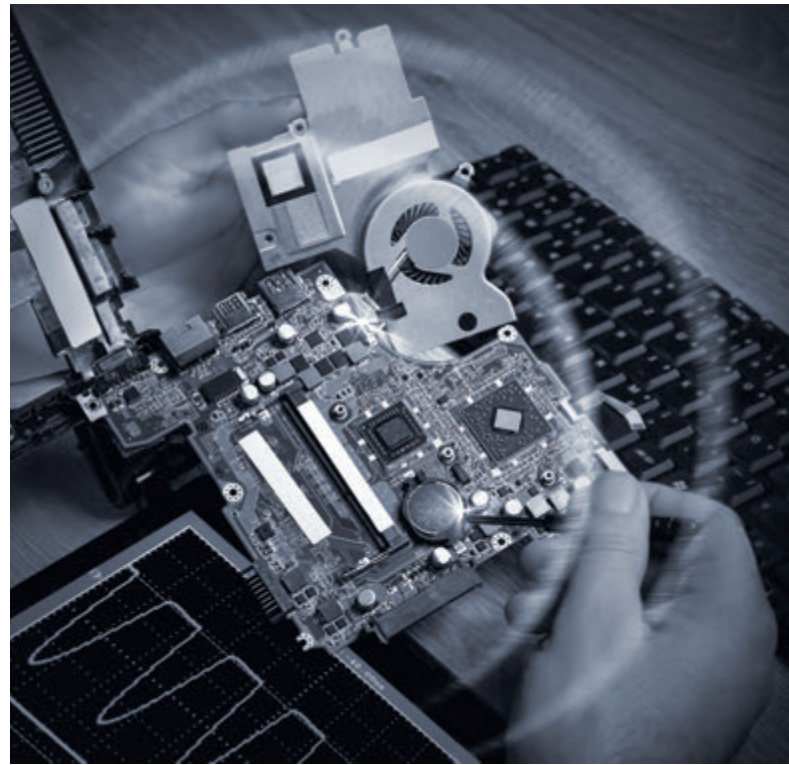
Improving visibility, complying with the rules

That's why the business turned to Livingston. It wanted to be "best in class" when it came to complying with global trade rules. This meant enhancing the efficiencies around time-sensitive air freight, improving visibility and reporting throughout the supply chain, and working closely with an array of international suppliers.

Realizing the benefits of a Foreign Trade Zone

Livingston quickly identified the benefits of a Foreign Trade Zone (FTZ) that could both manage the flow of goods and improve cash flows.

Duties are not paid on goods shipped through a FTZ until a Customs entry is filed and the products enter U.S. commerce. Goods that are imported into an FTZ, transformed into a value-added assembly and then re-exported would not be subject to duties at all because they

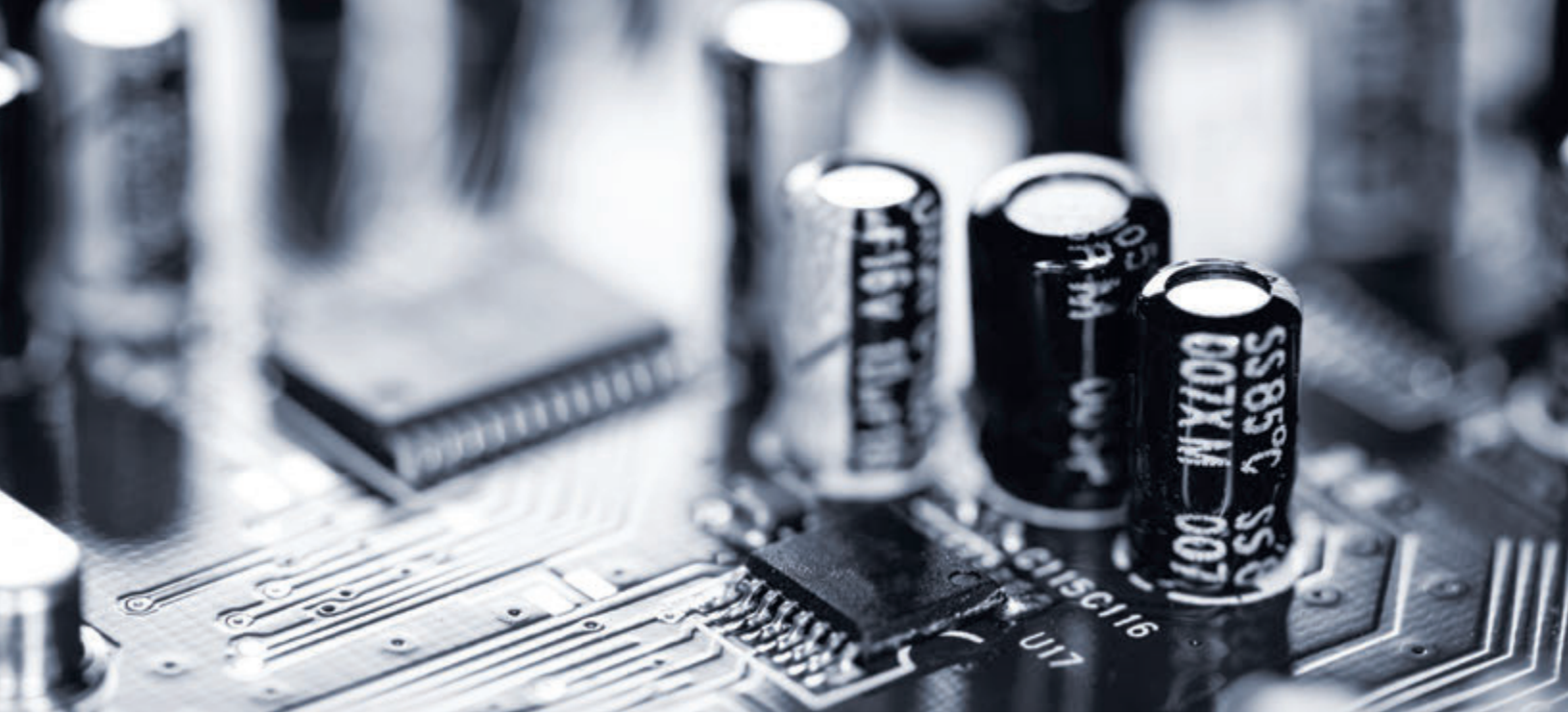


have not entered the U.S. Each approach offers a welcome alternative to duty drawbacks.

Livingston secured the location for an FTZ in Los Angeles, applied to the Franchise Tax Board (FTB) and completed the grantee proposal. Documents, permits and inspections were all completed and filed with U.S. Customs. Working alongside Customs officials at local ports, Livingston also began on-site assessments and optimized savings with the help of a detailed zone analysis.

The effort was further supported with Standard Operating Procedures to ensure compliance, as well as the other documentation and training which helps to find cost-effective efficiencies.

Regular compliance audits help the client **ensure ongoing compliance.**



The million-dollar solution

The guidance has made a tangible difference in the company's bottom line. The business now processes about 200 shipments a week, accepting goods in the morning and shipping everything on its way by the afternoon.

In the process it has saved \$1 million since 2013. Regular meetings and calls now ensure a transparent process, and regular on-site and off-site audits help ensure ongoing compliance. Livingston even joins the business in meetings with U.S. Customs to help demonstrate the true partnership and support that exists.

There is no need to manage multiple customs brokers through the FTZ and across multiple borders. As the company's single-source customs broker across North America, Livingston is now responsible for all U.S. brokerage duties by air, sea and along the Southern border, and serves as a Canadian broker along the Northern border.

But even though this client is supported through cyberspace, the personal touch remains. Nobody in this relationship is hiding behind reports and emails.

That's what "best in class" service is all about.

Contact Livingston

Have questions about FTZs or need help with your electronics shipments? We're here to help.

Email us at: simplify@livingstonintl.com

or give us a call at **1-800-837-1063**

