**By Rick Miller**
## 10 Reasons Trade Compliance Programs Are Unnecessary

Companies of all sizes in all industries struggle with trade compliance programs and the trade compliance role. There are many reasons why a compliance program is controversial. Here are the top 10 reasons why a trade compliance program is truly an unnecessary waste of resources:

**1. Trade compliance is a cost center with no financial benefit to the company.**
Except for avoiding audits, penalties and border delays.  Except for avoiding duty under special programs such as the North American Free Trade Agreement, the Central America Free Trade Agreement, the Generalized System of Preferences. Except for tariff engineering, broker management, supplier management.

**2. Classification is easy.**
Anyone can do it — just pick the lowest duty rate and let Customs tell us if we're wrong. Until Customs catches you and sends you a bill for the duty (plus interest) for all entries made over the last five years. And don't forget the penalty that's sure to follow.

**3. Shipments to and from Canada and Mexico are not really imports/exports.**
Tell that to U.S. Customs. Canada and Mexico may be our biggest trading partners, but they have their own customs services to deal with. And, oh yeah, those folks at Commerce may require an export license.

**4. Any product purchased in the U.S.  is U.S.-origin.**
The trade deficit must come from somewhere … make sure you ask before you assume. Get it in writing and then ask again.

**5. Any U.S.-origin product is NAFTA-eligible.**
Unless you are audited, of course. The NAFTA rules of origin are complex and vary tremendously depending on the item. The value of U.S.  components may or may not have anything to do with eligibility — even with 99 percent U.S. components. When importing under NAFTA, every compliance professional needs to verify the supplier's certificate of origin. Ask and ask again.

**6. We have been doing business for years without worrying about Customs.**
Ever notice that all the big penalty cases in the news are for companies that have been around for a while?

**7. Our customs brokers and freight forwarders are responsible for  compliance.**
Importers of record for imports and U.S. principal parties of interest for exports are on the hook not the broker or forwarder — period! Ever look at the liability limitations on your broker and/or forwarder agreements?

**8. We need to make exceptions for big customers or we'll lose the  business.**
So if I walk past the bank every day on my way to work and only rob it once, the judge will let me off the hook because I was good most of the time? Where is my duffle bag?

**9. C-TPAT is not mandatory, so we aren't spending any money or dedicating any resources to it.**
Sure, it is not mandatory, but don't come crying to trade compliance when the borders tighten up and your non–C-TPAT shipments are delayed while all C-TPAT importers are given a priority.

**10. Compliance slows  deliveries.**
Noncompliant importers will face many more inspections and delays, especially after Customs finds the first problem. Due to limited resources, Customs targets the bad guys. Even compliant importers face delays, but if Customs already knows your company has a trade compliance program, they are more likely to work with you.

While failure to maintain a viable trade compliance program may sound funny, border delays, inspections, audits and penalties are not. Trade compliance and supply chain security is more than a fact of business life today. Our world has changed. It's here to stay. Work closely with your trade compliance team. Top down support is the critical component for a successful trade compliance program.

*Rick is the co-owner of Trade Compliance Recruiting Solutions.  He has over 10 years of Trade Compliance Recruiting, in addition, he has over 18 years of corporate and government Trade Compliance experience including six years with U.S.Customs and Border Protection and twelve years in private industry.  He can be reached at rick@traderecruiting.com*