



# The Financial Risks of International Trade

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The regulatory landscape continues to grow more complex and challenges importers and exporters to manage greater risks. Companies that are non-compliant with trade regulations are subject to financial and legal penalties that range from fines and delayed goods to criminal charges and loss of trade privileges. Senior officers now face personal liability should global trade compliance programs fail.

As the burden increases, it falls on the financial director and senior management to prove that internal controls are in place to help ensure that global trade operations are sound. As a result, companies are turning to global trade experts to analyse, design, implement, and often manage their cross-border trade activities.

What steps have you taken to help ensure that your business does not face shipment delays, bad publicity, and financial and operational set-backs? As the stakes get higher, does your company have the global trade regulatory compliance expertise in-house required to effectively move goods around the world?

An increasing number of well-established global companies are turning to business process outsourcing to face this challenge head-on as the cost of maintaining an in-house compliance organisation is typically prohibitive and the pool of qualified trade professionals is shallow. In a survey of our customers, JPMorgan Chase Vastara has been told that our clients have found five bottom-line benefits to outsourcing global trade management operations:

**Cost Savings** – Skilled trade and compliance professionals are difficult to find, so you'll save money and recruiting headaches by turning to an outside service provider. In addition, if you participate in preferential trade programs, you can capitalise on greater duty savings that are delivered more quickly by handing this task to a seasoned trade expert.

**Reduced IT Infrastructure** – Can your company afford the high cost of building IT systems to support a compliant global trade operation? Instead, why not take advantage of an experienced service provider and leverage their existing global IT systems, which can interface with your existing ERP application, and do everything from order entry tracking to export fulfillment and audit checks.

**Enhanced Supply Chain Efficiency** – Global trade requires involvement with a worldwide network of shippers, freight forwarders, brokers and 3PLs. Using a professional trade management firm helps you streamline and gain greater control of these relationships.

**Improved Regulatory Compliance** – An outsourced company can provide you with instant access to hundreds of trade professionals around the world. These experts keep their fingers on the pulse of trade regulations around the world and know when important new laws go into effect, and more importantly, how to comply with and take advantage of these laws.

**Renewed Focus on Corporate Core Competency** -- When Global Trade Management is outsourced, executives are released from managing the headaches of global trade. This 'freed' time enables executive staff to refocus on the organisation's core competency in order to exceed customer expectations – leave global trade to the experts.

By establishing a strong compliance program that reaches across the company's entire global supply chain, today's corporate leaders are avoiding fines and the risk of legal action while ensuring that logistics and supply chain operations run without interruption.

Outsourcing yields quantifiable savings and helps speed international supply chain operations by streamlining processes to make them more efficient and effective. Organisations that harness the power of global trade can create a strategic advantage and better serve their customers by outsourcing complex trade operations, and focusing on developing core competencies. For organisations looking to uncover cost savings while driving operational improvement, outsourcing global trade processes is the solution.

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