

A.N. Deringer uses Kewill's automated solutions to file inaugural ACE entry

A.N. Deringer becomes first to file a Customs Entry through US Customs and Border Protection's Automated Commercial Environment (ACE). Kewill's software solution's the key to success.

By George Lauriat, AJOT

It has been awhile in coming but on April 13, 2009, A.N. Deringer, Inc., one of the largest, privately held Customs Brokers in North America, filed the first Customs Entry through US Customs and Border Protection's Automated Commercial Environment (ACE). CBP's pilot tests began almost exactly five years ago and over the intervening years the initiative has gained traction, particularly with brokers like Deringer, an early adopter of entry data filing through ACE.

The key to the inaugural filing was Kewill's software solutions that accelerate the clearance process for imports by facilitating the submission of Entry Summary data directly through ACE. Kewill Solutions North America, Inc., a Chelmsford, Massachusetts-based company, has for over three decades provided software solutions designed to simplify the management of global supply chains for manufacturers, distributors, retailers, freight forwarders, transport companies, customs brokers, 3PLs and 4PLs.

Jake Holzscheiter, President and CEO of Deringer, explained a little about the background leading up to the milestone filing in a phone interview with AJOT. "Some years ago, we [Deringer] began looking for a software provider. Up until that time the programming had been done in-house but we decided we wanted to focus more on our customers' needs and less on in-house IT," Holzscheiter noted. Deringer picked Kewill because they had worked together for several years and had a "confidence level" Holzscheiter said. Holzscheiter added, "We knew changes were coming and wanted a company in the programming business that could meet the timeline. We wanted to be first out of the gate with ACE."

Celeste Catano, Kewill's principal business analyst and the Trade Co-Chair of the Trade Support Network (TSN) Transition Committee told the



Jake Holzscheiter – President & CEO of Deringer

AJOT that they had worked with Customs on earlier initiatives like ABI, AES, Recon and FAST before ACE. Canto added that being a Trade Ambassador and working closely with Customs for the last five years helped Kewill track the potential changes "coming down the pipeline." Another element of the software design process was a close involvement between the product managers with the actual software users, to make the resulting product as seamless as possible.

Kewill's automated solution accelerates the clearance process of imports by facilitating the submission of Entry Summary data directly through ACE. This enables the user to monitor electronically and respond to CBP's CF28s, CF29s and marking notices through the importer's own ACE portal. Importers also have the option

of attaching an electronic file containing supplemental materials and using the ACE portal to track the status of their submissions. Holzscheiter said that the interface "doesn't take any additional effort" and was so integrated "users couldn't even tell it was processing."

Holzscheiter explained that the ACE interface could significantly reduce paperwork. Rather than responding with an entire packet of information to a CPB or Census query, the filer can address the requests for very specific documents. For example, in the case of a Census Warning the filer may have to respond in paper because an entry is out of parameter: possibly because of the cargo's size or value. In the real world, bulk, neo-bulk, out-of-dimension cargos or freight with a dollar value that is larger than customary shipments, spawns an immense amount of paperwork. Being able to address these issues electronically greatly reduces the time and paperwork associated with these shipments, and moves the entire process one step closer to the "paperless" environment envisioned years ago.

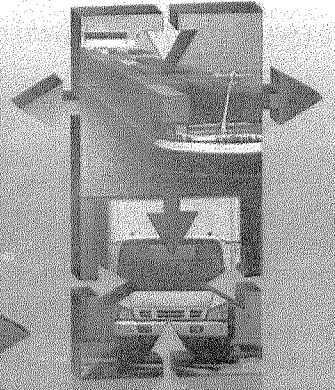


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A CMA CGM containership leaves the Port of Tianjin, China

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52 newbuildings scheduled for delivery during the 2009-12 period. We [CMA CGM] have an opportunity to return to the charter market some 180 ships. It's a good time for us to re-negotiate these contracts as the volumes are not so strong," Saade remarked. When asked whether he would be nervous about a carrier being launched because of the availability of once-in-a-lifetime low charter rates for boxships, Saade said he "doubts it." Explaining that it takes time to develop the network even in the intra-Asian trades that were strong in the beginning of the year. "There's extreme pressure on rates," that discourages new players from entering the market.

Negotiation isn't solely confined to chartered-in ships. "Today you must negotiate everything," Saade said. Tolls on the two major canals, Suez and Panama, are a big expense for global boxship operators. "If you want to use a canal (Suez or Panama) you must be willing to discuss a market rate...the Suez Authorities maybe understand the need to be a little flexible—Panama Canal Authorities less so."

China's a key player for CMA CGM. Even with the downturn the company is investing in terminals in Tianjin and Xiamen. When asked about the prospects for the future of Chinese trade, Saade said that the Chinese government investment in the South in cities like Shenzhen resulted in "massive" growth for export goods. There

has subsequently been a move North and West, "especially with the build-up to the Beijing Olympics," Saade noted. Saade added, "There's been more development in Qingdao, Dalian and other cities in the North and more infrastructure being built in the West." Although Saade expects China to recover relatively soon, saying "we've seen small signs" but warns "no one is buying" and that without US and European demand for Chinese goods full recovery will take time. Still, Saade doesn't believe that China's role, as the factory to the world, will change post-recession. He expects that the China trade, both trans-Pacific and to Europe and the East Coast of the US, will return, possibly around the 2014 opening of the Panama Canal expansion.

Saade also remarked that the South American market, particularly Brazil, "...is not as good as it was as more capacity (ships and slots) has entered the trade." He feels that Chile and the West Coast of South America is probably in better shape. Through the subsidiary operator Delmas, CMA CGM has a strong brand in the West African market. Although the West African trade lane is challenging, the strong roots have enabled the company to do well and indeed increase the size of the vessels operating in the trades.

Overall, Saade expressed the belief that freight rates, particularly on the Asia-Europe routes, would increase later in the year, simply because carriers were not prepared to "go bust" with freight rates that don't cover basic operations.



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