

5 WAYS

You can Keep Supply Chains Running While Navigating Trade Wars or Possible Trade Escalations



Study shows that there's been an average **12.6%** drop in exports globally (for 23 countries) in April 2020. While most of it is attributed to unprecedented disruptions, these disruptions are also leading to new trade barriers and trade wars being waged at breathtaking speed. What can you do to navigate this environment?



1 Find supply-side alternatives

Look at near-shoring/reshoring to find source materials within your own country or any other than the one in conflict. Keeping in mind the opportunity cost between risk mitigation and losses of economies of scale, you could also consider moving just your product assembly within your own country.

2 Look at the classification

Avoid all additional duties and exorbitant tariffs by altering production and transforming product classification wherever possible. Explore product classification types to see which type has reduced duties.



3 Plan Valuation Effectively

Lower the value of your goods and lessen the amount of duty paid by employing the "first sale for export" rule. Declare the earlier sale in the supply chain as the value of the goods under a specific set of criteria and avoid paying duty on the middleman markup.

4 Change your supply chain structure

Reduce the burden of retaliatory duties by unbundling the components of the transaction value. Change your supply chain in order to pay the factory for your merchandise and a separate IP company to license the trademark, in turn, excluding the value of the trademark in the transaction value of the goods.



5 Effectively use free trade agreements

Take advantage of preferential duty under a free trade agreement and avoid tariffs by choosing to source your goods from other countries, besides China. Evaluate your supply chain as a whole and connect the dots from country to country to assess where a free trade agreement may help.

Are you looking to automate your global trade management process?

Get in touch with us today