TAKE CONTROL OF YOUR FREIGHT AT THE BORDER AND BEYOND

Cross-border truckload and intermodal shipping has increased greatly over the past decade and shows no signs of slowing.

The two-way total in trade flow by truckload and rail between the U.S. and Mexico is more than $450 billion[1]. In the border city of Laredo, Texas, alone, over 2 million trucks moved across the border in 2016.[2]

Across the country's northern border, the total U.S. trade flow by truck and rail with Canada was $430 billion in 2017, according to the Bureau of Transportation Statistics. Detroit is the busiest site for crossing the northern border, with motor vehicles and parts making up the top commodity shipped.

The challenges to move freight throughout North America are plenty. Mistakes are costly.

The complexities of managing a supply chain in the U.S. are vast. Companies who look beyond their borders to move freight throughout North America are met with an entirely new set of challenges. Customs, paperwork, multiple carriers and security or weather threats cloud an already complex process.

The underlying issue with each of these obstacles: the risk in getting it wrong. Failure to cross the border correctly can result in fines, transit delays and lost opportunities. A miss on just one piece of paperwork at the border can cost a shipper thousands of dollars in both time and shipping costs.

OPERATIONAL DIFFERENCES CREATE SECURITY GAPS.

The U.S., Canada and Mexico each have operational nuances and, therefore, navigational challenges when trying to seamlessly and securely move freight throughout North America.

Mexico experienced more than 4,000 cargo thefts in 2017, **a 127 percent increase from 2016[3]**. Thieves are getting smarter, more aggressive and more selective in their targets. However, thieves operate differently in each country. Knowing how freight vulnerabilities stack up in each country is critical to ensuring the integrity of the load.

Transportation providers who do not implement increased security measures or do not have a good reputation with customs may be unable to provide a successful move.

[1] Logistics Management
[2] Journal of Commerce
[3] American Shipper

CAPACITY CRUNCH STRUGGLES EXIST IN THE U.S. AND BEYOND.

Volatile fuel prices, a driver shortage, new regulations like the electronic logging device (ELD) mandate and an improving economy all play a part in further complicating supply chains. All of these factors put a squeeze on shippers' ability to manage costs and deliver freight throughout the U.S. and into border countries.

Capacity crunch struggles stretch beyond the U.S. into Mexico and Canada due to numerous factors, including:

- The imbalance of freight flows between the U.S. and Mexico is growing[4]. According to the Mexican Instituto Nacional de Estadística y Geografía, or the National Institute of Statistics and Geography, at the Laredo border crossing alone, there was $5 billion more freight flowing northbound vs. southbound. With such a large gap, there are not enough trailers/containers available in Mexico to take freight to the U.S.
- According to the U.S. State Department, more than 18,000 companies with U.S. investment already have operations in Mexico, and companies continue to open plants and move manufacturing. Manufactured goods are the most traded commodity between the countries. From 2002 to 2015, for example, Mexican automotive exports to the United States via truck and rail rose by $170 billion.[5]
- The ELD mandate has affected capacity in Canada; many small carriers have stopped traveling to the U.S. to avoid needing to become ELD compliant.
- The legalization of marijuana in many U.S. states, and now all of Canada, only decreases the available driver pool to keep capacity moving.

Shippers who find themselves working with carriers who lack local expertise and more balanced freight flows throughout North America may find challenges achieving the consistent capacity they need.

CUSTOMS REQUIREMENTS MAY BE A SHIPPER'S GREATEST CHALLENGE.

The most underestimated complexity when considering a cross-border move may be the paperwork. To ship freight into Mexico, the following documents need to be filed:

- Bill of lading
- Commercial invoice
- Packing list
- Pedimento
- Shipper's export declaration
- NAFTA certificate of origin (if applicable)

The paperwork for shipping to Canada is just as complex. In fact, inaccuracy in three categories of paperwork at the Canadian border can result in more than 400 specific penalties. Depending on the severity, a shipper could be responsible for $500 to $25,000 for each fine.

INACCURACIES CAN RESULT IN 400 PENALTIES

[4] Journal of Commerce
[5] Freight Waves

To ship freight into Canada, a bill of lading and commercial invoice need to be filed. Many shippers also provide packing lists. Shippers also need a customs broker to submit the entry to Customs on their behalf. Depending on the product, there could be additional documents required such as certificates or permits. The customs broker clearing the load would be able to determine any other documents required for clearance.

Lost time is another costly result of getting it wrong. Discrepancies in paperwork can cause transportation delays because whenever a question arises as to the integrity of the load, the load is more susceptible to its freight being unloaded and checked at customs, leading to delays and security breaches.

In general, the customs processes and procedures are fluid and continue to change within the U.S. and border countries. Shippers who do not use a transportation provider who is informed on the ever-changing customs requirements are bound to experience a bumpy process.

Many hands = lack of visibility and increased errors and delays.

Mexico- and Canada-bound freight is touched by at least six different entities – five of which are not the shipper. This creates opportunities for inefficiency, low visibility and unclear accountability.

COMPLEXITY AT THE BORDER IS UNAVOIDABLE

With so many people involved in the process, it's easy for the sense of urgency to be lost when it comes to keeping a shipment moving through the supply chain. This leaves the shipper to potentially coordinate three different providers: one who handles the domestic move, one who handles the border transfer and a third who handles the foreign movement. Each provider will have its own areas of supply chain expertise, processes and invoicing procedures.

Shippers who do not use a transportation provider with the ability to manage all parties and details of the border-crossing process quickly find themselves overwhelmed and lacking visibility.

Shippers can take control of their cross-border moves.

Even with all of these identified challenges, shippers should expect the same level of service in the U.S., Mexico and Canada. They should always feel in control of their own supply chain.

FIVE MUST-HAVES WHEN CHOOSING A CROSS-BORDER TRANSPORTATION PROVIDER INCLUDE:

1. SECURITY-MINDED CAPABILITIES

Responsible over-the-road carriers and intermodal providers are proactive about security when crossing the border and utilize a multi-layered security process. Not only do responsible practices maintain the integrity of the freight and limit negative brand exposure, but they also save shippers time and money with their moves.

Transportation providers who manage freight throughout North America should be members of various organizations including Customs-Trade Partnership Against Terrorism (C-TPAT) and Partners in Protection (PIP). While voluntary, members qualify for these associations by passing security policies and procedures tests. At the border, those who are members of these groups are viewed as low risk and clear customs faster than those who are not.

One additional benefit to finding a provider who is a member of C-TPAT is that its drivers have Free and Secure Trade (FAST) certification. Carriers with FAST-certified drivers are viewed as low risk when crossing the border and typically experience an expedited process when doing so. These are the safest carriers to use.

Truckload Security Measures

The most important component for security – regardless of the country – is visibility. Shippers should only work with carriers who are able to provide the technology to monitor load progress. Methods such as track and trace technology, in-cab technology, system-wide alerts and reporting should make the short list of mandatory requirements when choosing a transportation provider. Additional security measures should include:

- Use of authorized and certified carriers only (C-TPAT)
- Use of only certified drivers
- A well-maintained and dedicated fleet to reduce roadside maintenance needs and maintain the integrity of the load it carries
- Use of safe roads and toll roads only

Intermodal Security Measures

Rail shipments typically provide better security than truck. The Kansas City Southern Mexico (KCSM) claim index reported that 99.98 percent of the loads moved by rail arrived complete and safe.

Because intermodal service is typically in constant motion with very few stops, this greatly reduces the risk of thefts. While many of the truckload security measures apply, additional ways to ensure your cross-border provider is security minded include:

- Placement of containers in the bottom well of a double-stack train to prevent theft
- Owned assets to eliminate the need for transloading at the border which causes security issues and delays
- ELD compliant for U.S. drays
- Use of authorized toll roads to and from ramps and origin/destination
- Adequate liability insurance per load

2. ASSET-BASED CAPACITY

Finding a multimodal provider with the ability to quickly take control of a shipper's load saves time, money and headaches.

Asset-based providers invest in their own chassis, containers, tractors and drivers in order to provide safe and functioning equipment to keep loads moving. When owned, assets are able to be configured to provide consistency and reliability regardless of load. With a non-asset-based carrier, shippers run the chance of the right equipment not being available for their particular load, causing freight delays.

From the initial planning to delivering the load to its final destination, all the logistics of an asset-based shipment are controlled under one roof. There's visibility from start to finish, with a full team ready to manage unexpected needs, an especially valuable service when dealing with the complexities of cross border shipping.

In Mexico, the marketplace is extremely fragmented for truckload carriers. The top 10 trucking companies control just 3 percent of trucks. However, there are U.S.-based truckload carriers with a significant presence in Canada. Shippers should move these carriers to the top of their list, knowing a carrier solution with assets will save time and money overall.

3. LOCAL REPRESENTATION WORKING TOGETHER FOR YOU

In-depth, firsthand knowledge of the country is critical. It is only with local representation that a transportation provider can truly know the best routes, customs procedures, optimal modes of transportation and local business providers and provide full visibility of the shipment.

When a provider is in close proximity to the shipper's freight, real-time logistics solutions can be crafted. For example, local representatives can perform site visits with Mexican carriers, ensuring safe facilities and certified drivers. Or in Canada, if a lane becomes unavailable, a carrier operating within the country can more quickly provide an optimal solution to ensure faster delivery of the freight. Bilingual account representatives are able to deliver customer service and support 24 hours a day.

Establishing an ongoing relationship with one trusted cross-border transportation provider adds value and increases the ease with which freight can be moved. This one-stop shop ensures one clear process for a shipper, as opposed to setting and managing expectations with three different entities (one for the domestic move, one at the border transfer and one for the foreign move). With one transportation provider, the responsibility of creating a connected move throughout North America becomes the responsibility of the provider, not the shipper – providing peace of mind.

4. MULTI-MODAL OPTIONS

When assessing a cross-border move, shippers should find the right over-the-road or intermodal carrier that provides them with options. Location, deadlines, volume and frequency can all dictate the appropriate type of service needed. A carrier who can provide truckload, intermodal, brokerage, even logistics management solutions, will ensure the right recommendation is made based upon the shipper's needs.

Additionally, a multimodal carrier allows for backup options, should weather conditions or political disturbances disrupt the primary shipping route.

5. EXTENSIVE CROSS-BORDER MOVE EXPERIENCE

The most valuable cross-border logistics provider will be one with years of experience in moving freight throughout North America. Having experience in moving hundreds of loads a day across the border means experienced transportation providers have the ability to navigate complexities.

Finding a provider who has decades of experience in guiding customers through this process cannot be overstated. Not only does this experience help in proactively ensuring paperwork is filed correctly and sent on time, it is also invaluable when an issue arises.

With cross-border freight moves come unique challenges – and the necessity to work closely with border agents to navigate them. Because of these relationships, experienced transportation providers gain insight as to what is on the horizon for changes in the cross-border landscape. The bottom line: experience is invaluable for this complex process, and shippers should seek and expect it from their carrier.

With the right provider managing the process, shippers can be in control of their supply chain throughout North America and know that door-to-door – regardless of the country – can be easier than it sounds.

As an asset-based multi-modal provider with 25+ years of experience transporting freight throughout North America, learn how Schneider keeps freight moving safely, securely and seamlessly cross-border.

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