WORLD’S LARGEST VEHICLE MANUFACTURER IMPROVES CARRIER PRODUCTIVITY AND PROMOTES FREE AND SECURE TRADE WITH THE

FAST POINT SOLUTION

CLIENT CASE HISTORY

BY

TradePoint

a KEWILL™ Company

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General Motors, the world’s largest vehicle manufacturer, has successfully leveraged the FASTPoint solution to ensure the continued success of their JIT manufacturing operations, improve their carriers productivity, and promote free and secure trade.

**OVERVIEW**

Immediately following the September 11, 2001 terrorist attacks the US Customs & Border Protection (CBP) had two crucial challenges to meet: first, to try and ensure national security, and second, to partner with the private sector and others to minimize the economic impact triggered by what had become a virtual shutdown at US borders.

On an average day, more than a billion dollars in trade moves across the US/Canadian border, mainly transported by commercial trucks. Twenty-five percent of trade from Canada crosses the Ambassador Bridge between Detroit and Windsor. Restrictions imposed in the days following the tragic events of 9/11 caused enormous delays at US land border crossings, particularly at the Northern Border with Canada. Wait times soared to 12 hours and more, even with CBP staffing all US inbound lanes, 24x7. Clogged border traffic resulted in parts shortages, causing temporary shutdowns at many JIT auto assembly plants, including General Motors (GM). GM was forced to shorten or cancel shifts at many plants during the rest of the week. GM lost over 14,000 units of production (about 13% of its weekly plan) as a result.

On the 12th and 13th of September, in an effort to find ways to maintain the newly enhanced security and improve logistics, CBP engaged in discussions with GM, Daimler Chrysler, Ford and others. As a result of this exchange for the first time CBP began to post on its website the wait times at the ports of entry to assist automakers with logistical and routing decisions.

**CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM**

In November 2001 the Customs Trade Partnership Against Terrorism initiative (C-TPAT) was proposed at the Customs Trade Symposium in Washington, DC. Under C-TPAT, companies develop, document and implement security plans to enhance operational security. General Motors worked with CBP, as well as their own suppliers, to develop, document and implement security procedures. These measures vary depending on factors, such as the nature of the business and where in the globe a firm conducts its business. In exchange, CBP assures them of much faster, and consequently less costly import processing. General Motors was one of the first companies to join C-TPAT, and one of the first to be validated.

\[12/10/2001 - www.cbp.gov\]
U.S. Customs Commissioner Robert C. Bonner, along with U.S. Treasury Secretary Paul O'Neill and Homeland Security Director Tom Ridge, announce the New Customs-Trade Partnership Against Terrorism (C-TPAT) program.
*Photo Credit: Gerald L. Nino*
In April 2002 at the Ambassador Bridge (in Detroit), linking the United States and Canada, business and government officials inaugurated the new C-TPAT initiative to guard against terrorism without unnecessarily impeding international trade. “The message should be clear. If a business takes steps to secure its cargo against terrorism, we will give it the ‘fast lane’ through the border,” said Customs Commissioner Robert C. Bonner. “C-TPAT is a program through which businesses win, governments win, and most importantly, the American people win.”

Excerpt from CFO Magazine¹

Few companies were hit as hard by tightened security after 9/11 as the Big Three automakers were. About 88 percent of GM’s imports travel via truck or rail, and in the wake of the attacks, shipments at the Canadian border that usually cleared Customs in as little as a few minutes languished up to “12 hours, 14 hours, 16 hours,” says Kevin Smith, director of customs administration at GM.

“In many cases, in our just-in-time practices at our plants, they keep only four to eight hours of inventory at hand,” says Smith. Consequently, GM assembly lines had to shut down until additional inspectors and National Guardsmen, aided by new screening technologies, cleared up the traffic jams. Today, GM’s supply chain has returned more or less to normal, thanks to C-TPAT and the Free and Secure Trade (FAST) program for expediting truck shipments through Customs.

It took GM, with its more than 10,000 suppliers, about six months to become C-TPAT certified. GM now contractually obligates its suppliers to be C-TPAT compliant, although they do not actually have to join the program.

Smith thinks the self-assessment can result in valuable process improvements for a company’s customs department. “There are times when any company needlessly pays money in duties and taxes it could avoid if it had collected the right information at the right time,” he says.
FREE AND SECURE TRADE PROGRAM

In September 2002 President George W. Bush announced new security measures, agreed upon by the US and Canada, aimed at stopping terrorism. One measure was the “Free and Secure Trade Program” known as FAST that the President said would ensure the efficient flow of goods across the border, especially goods that are transported by low-risk truck traffic. General Motors was among the first companies to use FAST lane processing for their import shipments from Canada.

“This revolutionary program partners the United States and Canadian governments with the private sector to ensure a secure supply chain for low-risk. FAST will make many cross-border commercial shipments simpler, cheaper and subject to fewer delays all while enhancing security,” said Bush. Officials estimated 12-thousand trucks daily crossed the Ambassador Bridge between Detroit and Windsor, Ontario, Canada.

FAST is a harmonized clearance process for shipments of known compliant US importers. Hence, any truck using FAST lane processing must be a C-TPAT/FAST approved carrier, carrying qualifying goods for a C-TPAT/FAST approved importer, and the driver must possess a valid FAST Commercial Driver Card. FAST processing is based upon advanced electronic transmission of information. Special FAST dedicated lanes are available to program participants at designated ports of entry. In addition, special radio frequency transponders on FAST trucks triggers the advanced manifest information about commercial shipments, which further expedites processing. FAST certification allows trucks to pass through Customs inspection booths in special lanes in less than a minute. Trucks that are not certified must pass through a regular customs lane, which takes much longer to clear.

In December 2003 Department of Homeland Security Secretary Tom Ridge inaugurated the FAST program at the US Southern Border. Additional security features are also built into FAST for the US/Mexico border. Manufacturers and carriers participating in US/Mexico FAST are required to use high security mechanical seals on all containers or trailers destined for the US. Again, General Motors was among the first to have their carriers use FAST lane processing for import shipments from Mexico.
“Mexico is one of our largest trading partners and it is absolutely critical that we prevent terrorists from infiltrating the commercial chain to launch an attack,” said Secretary Ridge. “I anticipate the same degree of success with FAST on the Mexican border as we’ve seen on the Canadian border.”

“This is another important step in providing the maximum amount of protection for our people and for our economy,” said Robert Bonner, CBP Commissioner. “Installing FAST on the southern border will also speed up the importation of legitimate goods from Mexico into the US.”

**LEADING EDGE TECHNOLOGY SOLUTION DEVELOPED**

Once the scope of the CBP’s C-TPAT initiatives were released, rapid adoption of technology and supply chain flexibility were the critical objectives for General Motors to ensure the continued success of their JIT manufacturing operations. In order to meet the requirements of the new FAST initiative General Motors turned to software provider TradePoint Systems.

After working in close collaboration with GM, in early 2003 TradePoint Systems became the first and only IT systems supplier to offer carriers and importers a commercially available FAST software application to facilitate the movement of trucks through border entry points utilizing the FAST lane processing system. TradePoint markets the product under the name of **FASTPoint**.

“The FAST software developed by TradePoint has allowed General Motors’ carriers to improve their productivity by providing manifest data in advance to US Customs and Border Protection”, said Gilbert S. Duhn Jr., Customs Manager for General Motors. “Pre-approval by US Customs and Border Protection of the shippers, carriers, importer, broker, consignees and tariff classification of the goods gives Customs advanced information for their enforcement responsibilities. We can clear up to seventy shipments on one truck using a bar code containing the Trip number or with the transponder in less than 30 seconds!”

Subsequent to the implementation of the FASTPoint system at the US/Canada border in April 2003 Gilbert S. Duhn Jr. of General Motors made the following statement:

“We are clearing approximately 3700 shipments each week using this process in Detroit and Port Huron. The carriers for these types of loads would typically spend 2-4 hours at the border having their paperwork processed. With FAST there is no paper, only the electronic transaction data and the pre-approved account data. Our carriers are better able to utilize their equipment and drivers by reducing the border wait time by several hours. Customs is able to process the shipments much faster with a higher level of confidence on these FAST loads. This allows Customs to spend their time saved looking at the more risky shipments. We were also able to take the release message from Customs which includes the ship from DUNS and SID (Shipment ID number) to import our Advance Shipment Notice (ASN) from the shipper, append purchase order price, tariff classifications, weight, country of origin, and NAFTA eligibility to populate the Customs Entry. The entire process has been automated using the TradePoint FASTPoint solution.”
“Every other expedited release option (i.e. BRASS, PAPS) is bar code supported, and only 5 bar codes will be scanned at primary. More than five bar codes and the driver has to park and get into Customs for a stand in line for scanning. These delays cost money! Additionally, if there is ever a code RED issued by Homeland Security, only the FAST shipments will get through the border. They will be prioritized by the Customs Service and the Bridge and Port Authorities. FAST shipments will have a special placard indicating they are FAST and the Bridge will pull the carriers out of line and move to the front of the line for processing. This is to encourage all carriers to participate with their clients.”

Logistics execution in the auto industry is extremely demanding. A late shipment to a just-in-time (JIT) plant can cost considerably in lost production. New IT solutions like FASTPoint hold substantial promise to lower logistics costs by adding visibility and optimizing material flow.

“As a carrier for the auto industry we have to find ways to bid competitively,” said Sandi Villeneuve Manager of Customs for Logistics Insights Inc. “Several of our carrier divisions are hauling freight for General Motors. By utilizing FAST our carriers are released within minutes while other carriers are delayed or detained at the border. We are better able to utilize our equipment and drivers, which has allowed our carrier divisions to be very competitive and remain profitable. FAST reduces the stress and the unpredictability of border crossing time for our drivers this helps us retain a happy and satisfied driver workforce.”

Excerpt from Journal of Commerce

“It's not the door. It’s the key to the door,” said Kevin Smith, director of customs for General Motors. “The door is that you get to participate in the other programs and realize the benefits.” GM was one of the first companies to join C-TPAT, and one of the first to be validated.

Smith said C-TPAT newcomers may have the mistaken impression that there will be “magical” changes in their commercial lives after they join. “There’s no magic to it. It’s how you take C-TPAT and apply it to a real-life situation,” he said.

C-TPAT is the entree to the Importer Self-Assessment trade compliance program. It’s also the prerequisite to participating in the Free and Secure Trade (FAST) program. “We’re seeing the benefits of that,” Smith said. “It’s not only that Customs is processing imports, but they have worked with the bridge authorities and local governments on both sides of the border to improve the flow of traffic through the borders.” Ontario police officers, for example, are giving C-TPAT trucks placards identifying them as FAST participants, and that gives them access to highway lanes that are otherwise restricted from truck traffic, Smith said.

When FAST was extended to the US Southern Border and General Motors was once again reaping the benefits of the program, Gilbert S. Duhn Jr. of General Motors made the following statement:

“We are clearing over 7,000 shipments each week using this process in Detroit and Port Huron, Buffalo, and now Laredo. The cities of Windsor and Sarnia, Ontario have agreed to allow FAST trucks to utilize traffic lanes normally prohibited to truck traffic to move to the front of the line. This is accomplished utilizing a special placard placed in the window to the truck to identify it as FAST. Trucks without the placard will be ticketed. This gives carriers one more incentive to be on FAST. In Nuevo Laredo there is a special lane used for empty trucks and cabs only. FAST shipments can now use this lane to move to the front of the line. The day will come if you are not FAST you will be VERY SLOW.”

“We are obviously proud of the success of our FASTPoint software application and pleased to have it commercially available to C-TPAT carriers and importers”, said Ken Halle, COO of US Operations at TradePoint Systems. “We understand that CBP will continue to balance their two critical objectives: secure US borders and ensure the flow of legitimate trade and travel. TradePoint will continue to work every step of the way with CBP to ensure that our customers are ready in advance with any mandated changes. TradePoint is at the forefront of all new and future programs associated with ACE, AES and C-TPAT.”
END NOTES:

1 http://www.autonews.com/article.cms?articleId=35927
“Shutdowns likely to continue” - by Gail Kachadourian, Automotive News / September 17, 2001

2 http://www.cfo.com/Article?article=10535
“Containing Terrorism” – by Edward Teach, CFO Magazine / September 1, 2003

3 http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpafast/
US Customs & Border Protection – Free and Secure Trade (FAST)

Secretary Ridge Inaugurates New Homeland Security Program at Southwest Border – The White House, Office of the Press Secretary / December 4, 2003


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TradePoint Systems specializes in solutions and services for the compliance, documentation, clearance, and tracking of goods and services moving across international borders, and is among the most experienced software provider in the international trade community. As an industry innovator, TradePoint has developed and deployed international trade software solutions and services to Freight Forwarders, Customs Brokers, Exporters, and Importers for more than 30 years.

Specifically, the TradePoint solutions help to ensure compliance with government-mandated initiatives, such as FDA Advance Notice Regulations, CBP Advance Manifest Rules, AES, RLF, ABI, C-TPAT, FAST, ACE, All, Reconciliation Entry, Border Processing, etc. The compliance systems can interface with business ERP systems to perform automated checking for denied party, license requirements and embargos. In addition, technology tools allow users to more aggressively compete for new business by offering innovative service options and benefits to their customers. These include automation features such as automated Events Management, POD Tracking, Internet Tracking, Internet-based PO Tracking, Electronic Document Imaging, EDI tools, automated faxing and email, and more.

In January of 2004, TradePoint Systems became a fully-fledged part of the Kewill Systems Group. The acquisition accelerates both Kewill’s and TradePoint’s aspirations to become major worldwide players in the International Trade marketplace.

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