Saving Money with Bonded Warehouses

International importing and exporting comes with a series of duties levied on merchandise – a business expense that frequent shippers are all too familiar with. Add on the cost of storing goods in a warehouse after arrival, and operating charges begin piling up fast. Fortunately, the existence of specialized bonded warehouses can save frequent importer/exporters considerable amounts by allowing delay – or even avoidance – of duty payments under certain common circumstances.

What exactly is a bonded warehouse?

These are dedicated warehouses, managed under the supervision of customs agents, in which imported merchandise can be stored for a lengthy period of time without (immediate) payment of import tariffs. They're typically found right at the port or other point of cargo arrival, and may be fully government-owned or operated by a third party with governmental oversight.

Bonded warehouses are considered duty-free zones, and are a great way for budget-conscious small importers as well as larger-scale operations to manage incoming goods with the least financial burden possible. Their ubiquitous presence can also often eliminate the need for the importing agency to operate their own storage facility.

What are some advantages of bonded warehouses?

Financial flexibility for importers

Since duty is not collected until the goods are withdrawn from the warehouse, importers have more control over where their funds go in the short term. Deferring this cost can be advantageous if the importer cannot immediately afford these fees, or if they are concerned that they may not be able to sell the merchandise locally (more on this in the next point).

Waived duty for re-exported goods

The flexibility of bonded warehouses is ideal for entrepôt trading, in which the imported merchandise is only meant to be held temporarily before being re-exported. Since duty is waived for goods that don't officially enter the country from the bonded warehouse, this is also a good way for importers that can't find a local buyer to resell the goods without having to eat the import tariffs.

Convenience and control for importers

Even though goods are confined to the warehouse until duty is paid or another buyer is found, the owner will still have access to them and can exert a considerable amount of control. Merchandise remains the property of the importer, and can typically be divided, packed, and otherwise prepared for marketing or export purposes – it may even be used as collateral for acquiring bank loans.