Report of the World Customs Organization on the Role of Customs Brokers
Meeting of the WCO Policy Commission in Recife - Brazil - December 2014

Consultation by WCO to all Member Countries on the activity of Customs Brokers on forms of intervention, optionality, forms of licensing, training requirements, etc.

96 Members participated
Countries by Region participating in the Survey

Replies by WCO Region

- North of Africa, Near and Middle East: 3
- West and Central Africa: 6
- East and Southern Africa: 11
- South America, North America, Central America, and the Caribbean: 15
- Europe: 38
- Far East, South and South East Asia, Australasia, and the Pacific Islands: 23

Source: WCO
How are Customs Brokers seen by Customs Administrations?
Customs Brokers Intervention

- **70 Countries** aligned to the **Revised Kyoto Convention** have optional services of Customs Brokers.

- **9 Countries** require the mandatory use of Customs Brokers for **all** customs operations.

- **13 Countries** require the mandatory use of Customs Brokers **except** for some specific operations.

- **4 Countries** allow other **third parties** to perform customs clearance, in addition to the Customs Broker.
Use of Customs Brokers

Use of Customs brokers

- 70% of traders may handle customs clearance themselves or use a customs broker.
- 9% of customs brokers must be used for all customs clearance transactions.
- 13% of customs brokers must be used, except for some specified categories of customs clearance transactions, threshold, value, and good.
- 4% of third parties other than customs brokers may be used.

Source: WCO
Ways of operating as a Customs Broker

42 Countries allow action both individuals or Companies

24 Countries establish that only companies or legal entities can be Customs Brokers

15 Countries allow only individuals
Requirements to access the Customs Broker quality

80 Countries establish specific requirements to access the Customs Broker quality.

10 Countries have no requirement since no one can represent anybody else to make a customs declaration.
Requirements for the Profession

- Qualification exams
- Financial solvency
- Education Requirements
- Work experience
- Guarantees
- Citizenship, Residence or establishment in the country
- Demonstrated compliance records
- Ability to transmit data electronically
Requirements for the Profession

Source: WCO
Representatativity of Customs Brokers

Customs brokers who act on behalf of traders to handle Customs clearance and related activities?

- Yes: 92
- No: 4

Source: WCO
Reasons for Regulating the Role of Customs Brokers

- To **facilitate and protect** the interests of traders in complying with customs formalities.

- To establish **standards** of the profession and **provide** for the possibility of imposing **sanctions** in the event of malpractices in the activity.

- To **support and encourage** compliance requirements of customs rules and the proper collection of customs revenue.

- To **optimize** in many cases limited government resources through the use of Customs Brokers.
Reasons for Regulating the Role of Customs Brokers

**Reasons for regulating Customs brokers**

- To facilitate and protect the interests of traders in completing Customs clearance formalities: 66
- To set standards for the profession and impose sanctions in the event of malpractice: 57
- To support and enhance compliance requirements and collection of legally payable revenue: 55
- To optimize limited government resources through the use of brokers: 14

Source: WCO
Obligations / Commitments of Customs Brokers

- Maintain **standards of professionalism**, transparency, efficiency and business ethics.
- Maintain and preserve **files of certain** periods for Customs audit.

- **Commitment** (often jointly) for the payment of taxes and customs duties.
- Exercise with due **diligence** on the correct information in the customs **declaration**.
- Conduct **background** checks of its clients.
- **Advising** clients on **compliance** requirements.
- Acting under the **authorization** or **agreement** with the trader.
Cooperation Areas with Customs Brokers

- Initiatives for **Modernization** of **Customs** and trade facilitation.
- Implementation of **bilateral** or **multilateral agreements**.
- **Observance** of **requirements** of Customs and other Government Agencies, including diligence and provide quality data.
- Encouraging **safety** in the supply chain.
- Encouraging **professionalism and ethics** of Customs Brokers.
- Carrying out **performance measurement** statistics.
Cooperation Areas with Customs Brokers

Cooperation areas with Customs brokers

- Customs modernization and trade facilitation initiatives, including new policies and programmes (85)
- Implementation of bilateral/multilateral agreements (5)
- Compliance with Customs and other government agencies’ requirements, including due diligence and data quality (51)
- Enhancing supply chain security (38)
- Enhancing the professionalism and business ethics of brokers (57)
- Carrying out performance measurement (22)

Source: WCO
Countries with an Association, Federation or Chamber of Customs Brokers

Source: WCO
Customs Broker usage percentage by country

Source: WCO
Use of patent of Customs Brokers by third parties

Source: WCO
What is it expected of a licensed Customs Broker?
Cooperation Areas with Customs Brokers

Customs Brokers use should be optional, in line with the provisions of the Revised Kyoto Convention, governed by the free market as other professionals.

Customs Broker's fees should be fixed and regulated by the market, depending on national regulations.

Both Individuals and Legal entities may be entitled to act as Customs Brokers.
Cooperation Areas with Customs Brokers

**Customs** should be the **Agency** to extend the **licenses** and perform the **regulation** of the activity.

**Criteria** for the licensing and regulation should be **transparent and simple**, establishing sanctions for violations, including provisions for informal or not authorized by Customs Brokers.

Where **traders** can submit directly formalities for customs clearance of goods, they should meet **certain requirements of knowledge** about customs rules and regulations, history of compliance and **financial solvency** as well.
Cooperation Areas with Customs Brokers

In order to check the knowledge of Customs Brokers of current regulations, Customs Administrations may conduct periodic checks. Eg. Theoretical or practical tests.

Obligate or compromise the Customs Broker to represent his client directly, warning him not to lend or allow any other person or agent to use its license under any circumstances, being liable for the payment of taxes and fees together with his client.

Achieving opportunities for cooperation between Customs and Customs Brokers could include initiatives for Customs modernization and trade facilitation, integrating committees such as the ones on the Trade Facilitation Agreement.
Cooperation Areas with Customs Brokers

- Extend to the Customs Brokers tangible benefits such as the **Authorized Economic Operator** (AEO).
- Give **recognition** to the national or regional Customs Brokers Associations, who provide support to its members and at the same time assist Customs in their responsibilities for **licensing and regulating** the activity.
- Carry out the **measurement** of aspects of compliance and time comparing companies that use Customs Brokers with companies that do not.
Customs Brokers - Where are we going?

- Prepare and sign Ethics Codes
- Campaigns for importers and exporters: “know your Customs Broker!”
- Sign transparency Agreements with Customs Administrations
“Progress consists of change, those who are open to learning will take over the future.”
THANK YOU
FOR YOUR ATTENTION

Alfonso Rojas González de Castilla