Direct Customs Clearance in Mexico
WCO Permanent Technical Committee
April, 2017
Mexico: a history of transition to an open market economy

<table>
<thead>
<tr>
<th></th>
<th>Pre-GATT (1985)</th>
<th>Modern Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>Crude oil: 85%</td>
<td>Manufactures: 88%</td>
</tr>
<tr>
<td>Exports of goods &amp; services (% GDP)</td>
<td>15.4%</td>
<td>35.4%</td>
</tr>
<tr>
<td>Imports of goods &amp; services (% GDP)</td>
<td>10.3%</td>
<td>37.4%</td>
</tr>
<tr>
<td>FDI (billion US$)</td>
<td>1.984</td>
<td>32.056</td>
</tr>
<tr>
<td>FTAS</td>
<td>0</td>
<td>12 (46 countries)</td>
</tr>
</tbody>
</table>

**CUSTOMS & BORDER PROCEDURES**

- Burdensome, inefficient, manual, etc.
- Fully automated, efficient, Single Window environment, paper-less ...
Customs brokers: Key to address the challenges (Compliance, revenue collection, competitiveness, logistics, infrastructure, use of technologies, etc.)

- Strategic partners
- Compliance agents
- Competitiveness agents

Customs Broker: Natural person authorised by the Tax Administration Service, through a patent, to conduct on behalf of third parties the customs clearance under the different customs regimes provided for in the Customs Law.
Customs Reform: Customs broker regime

- Promote competition
- Enhance business environment

Important to strike the right balance:

- Consultation
- International best practices*

*RKC: General Annex

- Chapter 8 (Relationship between the Customs and Third Parties)

**Standard 8.1.** Persons concerned shall have the choice of transacting business with the Customs either directly or by designating a third party.

- Chapter 3 (Clearance and other Customs Formalities)
Reforms

• Customs Law (Dec 2013): Art. 40, 59-B
• Regulations of the Customs Law (April 2015): Art. 68, 69, 236-246
• Implementing rules - Foreign Trade Rules – (Jan and May 2016)

DIRECT CUSTOMS CLEARANCE*

✓ Non-mandatory use of customs brokers
✓ Declarant – Legal representative

*Traders may handle customs clearance themselves. Applicable to natural persons or legal entities (importers or exporters), automotive industry, warehouses with “fiscal deposit” authorisation, public entities.
Direct Customs Clearance

**KEY ELEMENTS**

- Legal representative is NOT an intermediary
- Trader is liable for acts conducted by their legal representative (declarant)
- Traders may use both legal figures (legal representative & customs broker)
- Traders must meet specific requirements: Obtain authorisation from SAT, accredit their legal representative, use of electronic signature

**KEY BENEFITS**

- More options for traders – enhances competitiveness in customs brokers
- Cost reduction
- Use of own human resources – management
- Legal representative “specialised” in goods being traded
- Can operate in any customs office
Increasing awareness of reforms

✓ Presentation in several trade forum
✓ Internal (SAT) training
✓ Developing specific website to promote the scheme (detailed information on requirements, benefits, process, status of authorisation, links to other relevant governmental sites, etc.)
✓ Promotion in media
✓ Reach-out with public bodies, chambers of commerce, etc.
✓ Consultation for review of implementing rules (feedback to identify possible areas for improvement)
Authorised entities

- Companies in the following sectors have been authorised:
  - Automotive
  - Customs warehouses
  - Courier
  - State enterprise
  - Medical equipment
  - Food (fruits) processing and packaging
  - IMMEX
Main Challenges

• **Accrediting work relationship**
  Companies who contract their staff through third entities (service provider) are not able to accredit the (legal direct) work relationship of the legal representative to the trader.
  
  ➢ Assessing options such as accrediting through contracts with service providers

• **Number of import/export declarations processed to accredit trade operations**
  Requires to accredit at 175 operations during the 3 years prior to the authorisation request, accounting for a total of 5 million pesos (250,000 Euro). SMEs are being left out of the scheme.
  
  ➢ Assessing elimination of value requirement
Conclusions

✓ Customs reform seeks to promote good governance
✓ International best practices are important
✓ Local conditions need to be considered
✓ Stakeholder engagement, including consultations, in reform process is crucial
✓ Customs brokers continue to be key strategic partners
✓ Assessment to improve conditions is important
Thank you for your attention