



Brussels, 9 September 2016.

CUSTOMS BROKERS

(Item XI.c on the Agenda)

Introduction

1. At its December 2015 session, the Policy Commission endorsed the draft 'WCO Study Report on Customs Brokers and agreed that it should be published as a WCO tool to provide guidance to Members.
2. The Study Report has since been finalised and published on the WCO website. It provides a general background and overview of Customs brokers' role in the international supply chain together with some suggested policy and organizational considerations on Customs broker regimes and a model checklist for licensing/regulating brokers. One of the key recommendations of Study Report is that Customs brokers licensing/regulatory regime should be - *optional, transparent, and non-discriminatory*.
3. The Report is expected to serve a reference point for Members who are considering to establish/adjust a licensing/regulatory regime for Customs brokers in line with relevant provisions of the Revised Kyoto Convention (RKC) and the WTO Agreement on Trade Facilitation (TFA).
4. It also explores several potential cooperation opportunities between Customs and Customs brokers as well as collaborative work on skill up-gradation and capacity building of brokers, noting their role in improving trade facilitation and compliance, thus contributing to economic competitiveness.
5. The full report can be accessed via the following link –
http://www.wcoomd.org/en/topics/facilitation/~media/WCO/Public/Global/PDF/Topics/Facilitation/Instruments%20and%20Tools/Tools/Study%20Report%20on%20Customs%20Brokers/WCO%20Study%20Report%20on%20Customs%20Brokers_EN.ashx

Customs brokers - Compliance and Professional Standards

6. In terms of Customs brokers' compliance and professional standards, subject to national legislation/framework, they are expected, among others, to :
 - ensure compliance with Customs and other regulatory requirements;
 - exercise due diligence to ascertain the correctness of any information and not file or procure or assist in the filing of any claim, or of any document, known by the broker to be false;
 - not attempt to influence the conduct of any official concerning any matter pending consideration;
 - not allow his license, permit or name to be used by or for any unlicensed person (including a broker whose license or permit is under suspension), other than his own employees authorised to act for him, in the solicitation, promotion or performance of any Customs business or transaction;
 - not procure or attempt to procure directly or indirectly, information from the Government records or other Government sources of any kind to which access is not granted by the proper authority;
 - take reasonable measures to follow 'Know Your Customer' (KYC) principles, including the verification of antecedent and identity of his client;
 - maintain proper records relating to his representation for the specified period; and
 - discharge his duties with utmost speed, efficiency, and integrity, ensuring a high level of service delivery and business ethics.
7. In order to deal with non-compliance, Members have established different penalty and sanction regimes for non-compliance/violations/misconduct by Customs brokers. Such regimes include censure/advisory, suspension, termination, fine and penalty, and prosecution.
8. As mentioned in the Study Report, a few Members also carry out a study to rank Customs brokers in terms of their compliance and service delivery. Additionally, there have been some initiatives by Members to measure the compliance rates of traders who use a Customs broker against those who do not, as well as comparing release times of consignments using a Customs broker against those without their use.
9. An important potential area for compliance improvement is training and Capacity Building to support Customs brokers. Some Members are already carrying out such activities, also with the support of other government agencies, Customs brokers associations, and other bodies.
10. The PTC will have an opportunity to hear measures taken by Members in this domain and respective working experiences. Representatives from the private sector will also share their perspective and experiences together with potential opportunities for improving compliance level of brokers.

Action expected from the PTC

11. The PTC is invited to:
- discuss working experiences and explore issues concerning compliance of Customs brokers and related sanction/reward policies and frameworks; and
 - provide guidance and policy perspective on the future work in this domain.
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