

Direct Customs Clearance in Mexico

WCO Permanent
Technical
Committee
April, 2017

Mexico: a history of transition to an open market economy

	Pre-GATT (1985)	Modern Mexico
Exports	Crude oil: 85%	Manufactures: 88%
Exports of goods & services (% GDP)	15.4%	35.4%
Imports of goods & services (% GDP)	10.3%	37.4%
FDI (billion US\$)	1.984	32.056
FTAS	0	12 (46 countries)

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

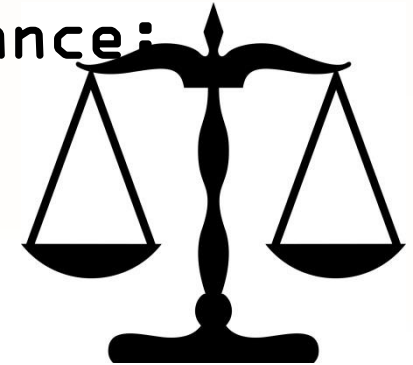
➤ Promote competition

➤ 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 forums
- ✓ 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
- ✓ Stake holder 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