



INTERNATIONAL FEDERATION OF CUSTOMS BROKERS ASSOCIATIONS

"The World Customs Brokers Organization"

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BEST PRACTICES MODEL FOR THE LICENSING OF CUSTOMS BROKERS

Preamble

A survey of IFCBA members on best practices for the licensing of customs brokers was undertaken to:

- (i) establish a database of existing practices concerning licensing of customs brokers in IFCBA member countries
- (ii) provide the basis for provision of submissions on customs broker licensing to the World Customs Organization/World Trade Organization in response to WTO initiatives on use of customs brokers
- (iii) create best practices recommendations on customs broker licensing for Customs administrations and related organizations

The IFCBA believes strongly in the importance and value of using a customs broker, for business and for customs administrations worldwide.

MODEL ELEMENTS

A. General Principle

It is the responsibility of government to enact legislation for the regulation of customs brokers. This regulation may be of individuals and/or business entities (sole proprietorships, partnerships, corporations).

B. Scope of Practice

Economic operators can only use customs brokers as third parties to transact business with Customs.

Economic operators operating on their own behalf to transact business with Customs must meet the same knowledge standard as customs brokers.

Licensed customs brokers may direct and supervise the work of employees performing the release and accounting functions.

Customs brokers may wish to assume joint and several liability with their clients for the payment of duties and taxes.

C. Regulation of Entry to the Practice of Customs Brokerage

An individual, or at least one partner of a partnership, or at least one officer of a corporation, applying for a customs brokerage license must

- be a citizen or permanent resident where such legislation exists
- have reached the legislated age of majority
- provide records demonstrating
 - a) the minimum experience requirements, usually 3-5 years in a customs brokerage environment, or
 - b) the successful completion of a training program as required by legislation or regulation
- have successfully completed a licensing examination or equivalent procedure
- pass a credit history check
- have no violations of a serious nature related to imports/exports

For business entities, operating as customs brokers, evidence of financial stability (past and current financial statements) must be provided.

In addition, in cases where payment is made on behalf of an economic operator, the customs broker must provide a financial guarantee or security deposit in accordance with legislated or regulated requirements.

D. Role of the Customs Brokers Association

The customs brokers association has input into the design or content of the licensing examination.

The customs brokers association provides preparation or training specifically for the customs brokers licensing examination.

E. Regulation of the Practice of Customs Brokerage

Once licensed, the following best practices apply:

1. in order to protect the client's interests, customs brokers should establish standards of professional practice on national basis.
2. the knowledge and skills required in customs brokerage are best acquired and developed through ongoing professional development within the industry, and can include courses, seminars and events provided by customs brokerage associations as well as corporate in-house training, informal on-the-job training activities, and tertiary education at recognized national education institutions.
3. customs brokers must demonstrate continued financial stability.
4. customs brokers must demonstrate high levels of customs compliance.
5. customs brokerage training, including e-learning opportunities, should be widely available.
6. suspension or cancellation of a customs broker license must be subject to appeal. Neither suspension nor cancellation should take place until finalization of the appeal process.

Conclusion

The IFCBA supports the establishment of transparent, accountable and consistent broker licensing regimes by relevant government agencies. Failure to do so will seriously affect the customs brokerage community and our clients, who depend upon a high standard of services from their brokers.