

HS AND THE PRIVATE SECTOR: THE IMPORTANCE AND ROLE OF CUSTOMS BROKERS

Carol West

Secretary

International Federation of Customs Brokers Associations
(IFCBA)





SETTING THE STAGE: THE VALUE OF CUSTOMS BROKERS



- The role and value of customs brokers.
- In most countries, customs brokers are licensed by governments to release and account for goods (3rd parties, with legal authority) – in most instances, goods cannot be released without HS classification.
- Knowledge base of customs brokers – companies are highly automated and investments are made in people's knowledge – customs brokers LIKE classification!
- The WCO Customs Broker Guidelines – survey of WCO members, recommendations for good practice, licensing and regulatory frameworks.



SETTING THE STAGE: WHERE ARE WE WITH HS CLASSIFICATION?



- Nothing is stagnant – new goods, new opinions, new technology, new duty rates.
- New uncertainties in global trade – non-negotiated tariffs, retaliatory tariffs, surtaxes – all present a challenge for Customs and the private sector.
- Rules are important yet rules can always be improved.
- International practice and national differences, reflecting national priorities.
- Transition of HS - now used in many more ways than traditional revenue collection, risk management, requirements of other agencies.



RECOGNIZE LEADERSHIP OF WCO: OUTCOME OF WCO HS CONFERENCE, 2019



*The WCO Conference on the future of the Harmonized System recognised that the HS is an **essential tool for our global trade system** and plays a central role in trade and statistics. It acknowledged the current strength of the HS as a multipurpose tool and a truly universal language of world trade and one of the WCO's most successful instruments.*

While expressing the view that the HS was still relevant and “fit for purpose”, the Conference also endorsed the idea that there was room for improvement to ensure that the HS remains compatible with 21st Century trade, changes in technology and the needs of users.



WHAT HAPPENS “ON THE GROUND”?



- Customs brokers manage information from a variety of sources.
- Need to classify goods, on the basis of that information – with a focus on review of client information and databases, recognizing what party is liable for the information.
- Change is difficult, especially among varied national stakeholders: strategic interests, commercial interests, practitioners’ interests, regulatory interests – how to align and prioritize these? What decisions are in the common good?
- These questions and processes are especially challenging for Africa.



THOUGHTS TO TAKE AWAY



- Streamline implementation of tariff changes – changes to the structure of the tariff may be infrequent at the WCO level (once every 5 years), but can be much more frequent nationally (3-5 changes a year).
- Leverage automation to provide file updates, concordance tables.
- Take a multi-agency approach to collaborate with the private sector (i.e. Customs agencies, Ministries of Finance, Ministries of Commerce and Industry).
- Strive for clarity in processes and results of classification rulings.



... TO TAKE AWAY



- Set transparent service standards for tariff update information.
- Have joint industry-government outreach and communication. This can be done nationally, between countries, or regionally.
- Provide cost-effective access to the Explanatory Notes.
- Increase the HS knowledge base of both Customs and the private sector.



... TO TAKE AWAY



- Recognize that HS classification is difficult and compliance is essential, but costly. This is where capacity building initiatives are essential.
- Reconciliation of national interests may be especially challenging in Africa, but regional efforts for greater trade facilitation are encouraging.
- Support investments in your countries' customs brokers through knowledge-based sustainable licensing frameworks.



THANK YOU!



Carol West

***Secretary, International Federation of
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cwest@ifcba.org