

JEL Classification: O15, O19, M53

CUSTOMS-BUSINESS PARTNERSHIPS: A CASE STUDY ON THE CHINA CUSTOMS GOODS CLASSIFICATION-IN- ADVANCE SPECIALIST PROGRAMME

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Abstract

The changing global trade landscape has brought new responsibilities without additional resources to China Customs. The ability to deliver more with less and the requirement for effective and efficient Customs controls suggest the need for closer Customs-Business partnerships. As a Member of the World Customs Organization (WCO), China Customs has contributed to the development of WCO instruments and tools on Customs-business partnerships. This paper provides a case study on the Chinese Customs Goods Classification-in-advance Specialist program. The paper contends that professional and competent Customs brokers can greatly benefit a Customs administration in the application of its regulatory responsibilities.

Key words: goods classification, Customs-Business Partnerships, China Customs.

Introduction¹

Customs reform and modernization requires the establishment and maintenance of sound partnerships with stakeholders, including the private sector. In recent years, much has been written on what leads to a successful Customs- Business partnership, and this has long been captured by the WCO in its instruments, tools, and guidelines. For instance, the WCO Revised Kyoto Convention (RKC) highlights the mutual benefits under an “Authorized Person” mechanism for strengthened Custom-Business partnership; the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) incorporates the Authorized Economic Operator (AEO) concept; and the WCO’s Customs in the 21st Century strategy document reiterates such partnerships as one of the ten building blocks for modern Customs.

In line with these developments, China Customs has since 2008 taken concrete steps to develop Customs-Business partnerships. For instance, under a regulatory mechanism, Customs grants expedited delivery of consignments based on presentation of a “Recommendation of Advance Ruling on Goods Classification” made by the accredited *Agent Declaration Entities*, who are certified by the regional Customs Brokers Associations to carry out **Commercialized Advance Ruling on Goods Classifications**.

¹ The author is grateful to Mr. Erich Kieck and Ms. Heike Barczyk for their helpful advice and comment.

1. Accreditation of the Goods Classification Specialist

Trusted by the Customs authority, the regional Customs Brokers Associations accredit the Goods Classification-in-advance Specialists (hereinafter referred to as Classification Specialists) who are selected from licensed Customs brokers through a set of stringent requirements. These requirements, among other things, are:

- The applicant must be a licensed Customs broker by the Customs administration;
- Minimum 5 years working experience in customs brokerage service;
- A graduate with a tertiary college education and above;
- A certificate holder of the training program organized by the regional Customs Brokers Associations on goods classification and customs tariff regulations;
- No record of violation of Customs regulations such as import/export duty evasion, smuggling, etc. within the latest 2 years (TCBA 2011).

If a Customs Brokers Agency, a Freight Forward Company or a Logistics Company (hereinafter they are generally termed as the Agent Declaration Entities) to be accredited for the function of goods classification and customs clearance, this entity should meet a set of stringent requirements, for instance, having employees of at least five accredited Classification Specialists and being enlisted in A or AA categories by Customs under the Chinese Customs AEO system - the Measures on Classified Management of Enterprises² (CCBA 2012).

The accreditation process of both the Classification Specialists and the Agent Declaration Entities is steered, validated and audited by the regional Customs administrations³, whereas the training, monitoring, examination and certification are mandated to the Customs Brokers Associations. In China, Customs Brokers Associations are non-governmental

organizations with no direct involvement of customs brokerage business⁴. They play a key mediator role in regulating customs brokerage market by means of improving the professionalism and compliance awareness of already licensed Customs brokers.

²The Chinese Customs AEO system - the Measures on Classified Management of Enterprises entered into force in April 2008 and revised in 2010. According to the Measures, all enterprises registered with Customs are categorized into five classes: AA, A, B, C and D (Enterprises of AA is equal to the WCO AEO concept). The main purposes are to encourage compliance and self-discipline of enterprises, improve the effectiveness and efficiency of Customs management and safeguard the security and facilitation of global trade in line with the WCO Framework of Standards. Enterprises of Class AA and Class A shall enjoy respective clearance facilitations, while Class B shall be subject to regular enforcement, and Class C and Class D to strict controls.

³In China there are 41 Regional Customs Administrations which directly report to the General Administration of China Customs and there are 600 Branch Customs Administrations and 4000 Customs Houses (stations) nationwide which are under the respective Regional Customs Administrations. So far around 10 Regional Customs Administrations are carrying out this pilot accreditation mechanism.

⁴The Customs Brokers Associations in China are funded mainly by the Customs administration, the membership dues and the tuition fees of training programs. The Secretariats are non-governmental organs, but are under the professional administration of Customs authority, the employees are from current and retired Customs officers, private sector specialists like the former customs brokers. See more information at: <http://chinacba.org/cba/>.

2. Key Operational Measures of the Accreditation Regulatory Mechanism

Commercialized Advance Ruling on Goods Classification refers to the professional service provided by the Agent Declaration Entities who are commissioned by clients from the trade community to conduct goods classifications prior to the arrival or departure of the consignment in line with relevant laws and regulations (CCBA 2012). In China, the application for advance ruling on goods classification should be 45 days in advance and the recommendation concluded is applicable to the designated goods and valid only in the individual Customs region where the application is lodged. This provision is in line with the WCO recommendation on binding rulings/advance rulings. (See reference in Annex 1.)

In the context of this accreditation regulatory mechanism, consignments will be facilitated on fast track on the condition that they are classified and cleared by the accredited Agent Declaration Entities. The consignments are expedited through the computer checking system “the National Interface Platform for Monitoring the Advance Ruling of Goods Classification Service” (www.hscode.net), which verifies the declaration documents with the “Recommendation of Advance Ruling on Goods Classification” concluded by an accredited Agent Declaration Entity. The Recommendation is always validated and monitored by Customs.

To implement the program, Customs pays attention not only to validation of the applicant’s qualification prior to the accreditation, but also to the post-clearance auditing of goods cleared by the Classification Specialists, in concern that their regulatory compliance and professional standing are reliable guarantees to sustain this partnership. In this connection, the Customs Brokers Associations have adopted dynamic administrative measures such as announcement to the public of the list of the accredited Agent Declaration Entities, and the suspension and revocation of accreditation according to performance.

Guided by the competent department of the General Administration of China Customs, the national **China Customs Brokers Association** (which plays a professional steering role to regional customs brokers associations) has adopted measures to unify the training and accreditation process nationwide: unification of operational process for goods classification, unification of training material and examination standards, uniformity of accreditation criteria and uniformity of classification software for the advancing ruling.

3. Rationale

3.1 *The Key Role of Customs Brokers (Agents) in Facilitating Global Trade*

Customs brokers or agents are an important trade actor in most if not all countries. They work closely with clients on new security and compliance issues to ensure compliance with national and international trade security and facilitation programs. They gather, organize and manage the commercial and trade data required for goods release on behalf of their clients. They need to handle and verify classification, valuation, place of origin, admissibility requirements, and payment of dutiable taxes on these goods. They provide trade solutions and consulting services for a vast array of businesses, from the smallest one-person shop to huge multinational corporations. This explains why, in most countries, Customs brokers or agents are licensed through professional examinations and eligibility censorship, so as to better assist governments by providing essential services to

both clients and Customs.

Following the benefit brought forth by Information Technology and standardization initiative such as the WCO Data Model, Customs is developing electronic clearance system. Moreover, the WCO SAFE Framework advocates receipt of advance electronic cargo information as one of the four key elements to secure and facilitate global trade. However, it is without an easy job for the traders to handle the sophistication of customs techniques and complexity of data requirement. That is a reason why most importers and exporters, whether it is a multinational corporation or a Small and Medium Enterprise (SME), don't establish an in-house Customs professional department and prefer to use external brokerage service to fulfill customs formalities.

Chapter 8 of the WCO Revised Kyoto Convention (*Relationship between the Customs and Third Parties*) provides rules on how to deal with Customs brokers and other service providers. The guideline to this Chapter recognizes that the use of a Customs specialist can speed up the passing of goods through Customs controls:

Importers and exporters are able to employ specialists to deal with complicated and detailed Customs procedures that may be unfamiliar to them and who can act on their behalf at times and places which they themselves would find inconvenient. Carriers and delivery services are able to expedite the movement of goods in their charge through Customs controls and to service the steadily growing proportion of time-sensitive consignments. Customs are able to more steadily and predictably clear goods, thereby better managing their own resources and the release times for the trade. In some countries, Customs also benefit from dealing with agents and brokers who are often more expert at handling the requirements for Customs procedures than some of their customers.

Based on this recommendation, the International Federation of Customs Brokers Association (IFCBA) is advocating the practice that Customs brokers should be licensed by following a generic standard nationally or internationally such as in the case of Customs Unions. However, the issue of authorization to Customs declarations is observed as a complex topic subjecting to very diverse regulations different from country to country, even in Customs Unions like the European Community. (See reference in Annex 2: Different Customs Regulatory Modes on the Access to Goods Declarations.)

3.2 The landscape of Customs Brokerage in China

Goods declarations to Customs, in China, are grouped in two categories in terms of economic operators involved in foreign trade. One is self-declaration made by the in-house Customs brokers (they are also termed Customs professionals or Customs declarants) of importers and exporters; the other is agent-declaration made by the various Agent Declaration Entities as a third party. Here agent-declaration, or customs brokerage, refers to the transactions managed by Customs brokers employed in a Customs Broker Agency, a Freight Forward Company or a Logistics Company, and commissioned by consignors or consignees on their behalf or in the brokerage entity's own name, i.e. including both direct and indirect representatives. This business includes completing customs declaration documents, goods classification, valuation, origin of place, and other consultancy services relating to supply chain security and facilitation. **Whether it is self-declaration or agent-declaration, it is obligatory that all the Customs brokers (or agents) should be**

licensed by Customs through a set of eligibility censorship and professional examinations.

According to a market survey report delivered by the China Customs Brokers Association in 2009, the customs brokerage landscape had the following two key features:

- Over Supply of Agent Declaration Entities

Since China’s opening policy to the outside, the low threshold in licensing Agent Declaration Entities led to an oversupply in the market. For instance, this number increased from 1,900 in 2005 to 6,455 in 2008 (a 339% increase), whereas the amount of actual customs declarations increased only 30.8% in the same period. This situation resulted in fierce market competition but poor quality in completed declarations. Companies were competing on price without paying attention to professional improvement because of shrinking profit margins. Employees were frequently jumping from one employer to another seeking higher wages; conversely, employees easily got sacked by their employers who were expecting better expertise.

- High Demand on Customs Brokerage Service from the Importers and Exporters

Agent Declaration Entities played a considerable role in completing customs declarations. Representing 1.02% of all registered enterprises (according to the Customs Law, all importers, exporters and Agent Declaration Entities should be registered with Customs), they prepared around 85% of all submitted declarations (about 15% were made through self-declarations) in 2008. It demonstrated that most importers and exporters were dependent on brokerages to fulfill relevant customs formalities. Consequently, these Agent Declaration Entities were pressed for competent and reliable performance by clients.

Figure 1: Data comparison of self-declarations and agent-declarations in year 2008

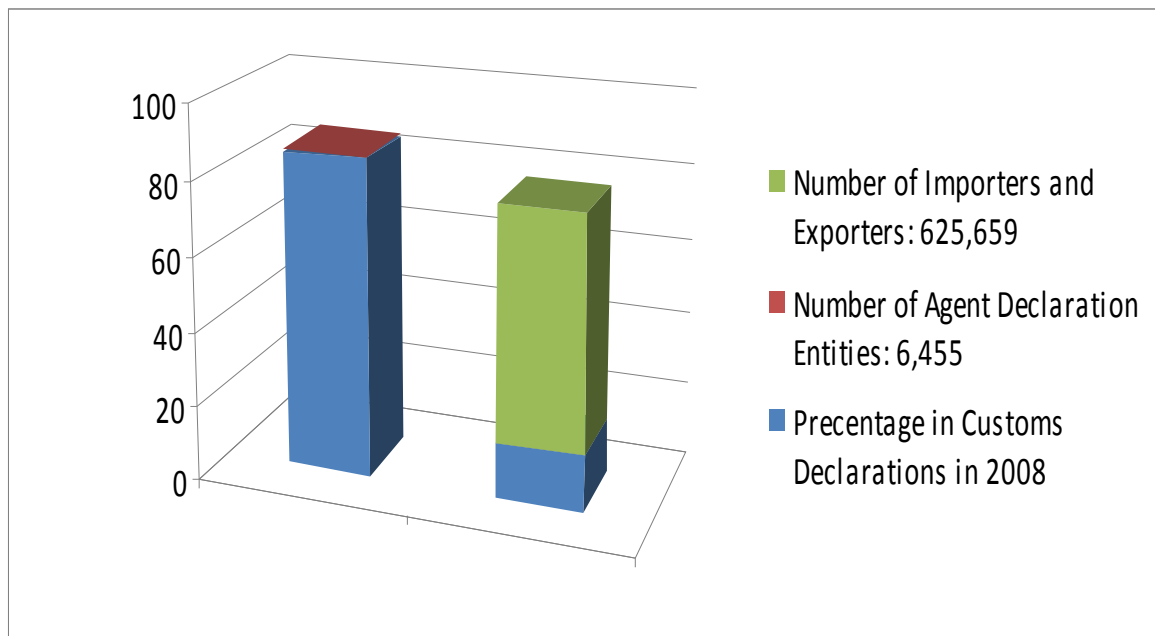
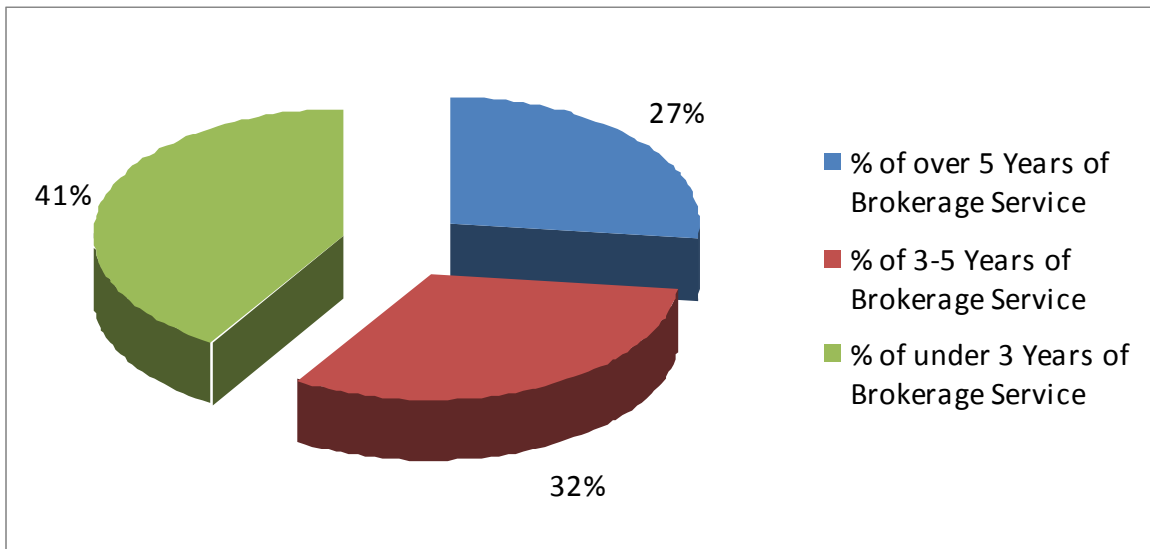
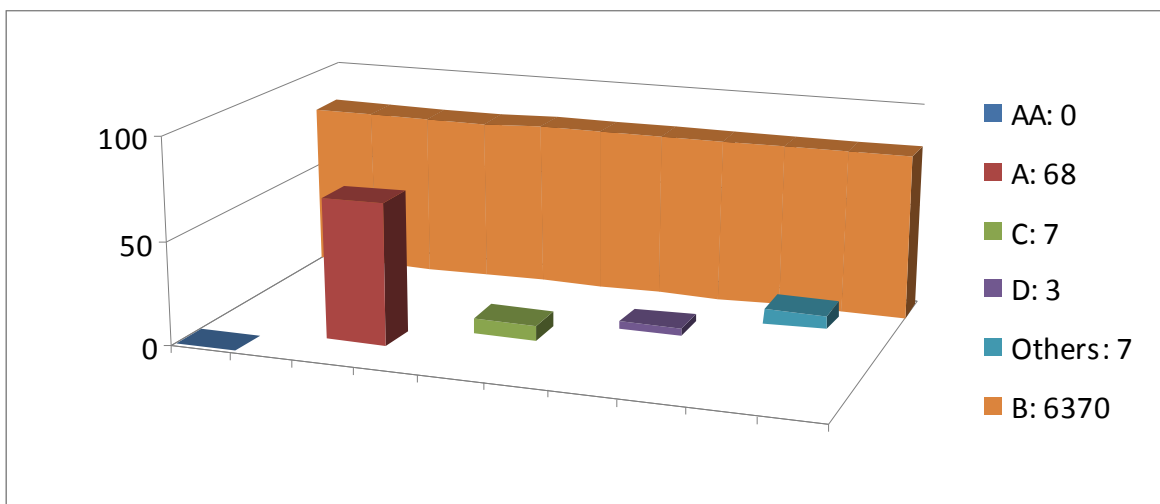


Figure 2: Percentage of Customs brokers (numbered at 96,800) in term of service experience



With the implementation of the Measures on Classified Management of Enterprises (AEO Program), the principle of *Compliance for Trade Facilitation* is highly acclaimed by both the public and private sectors. According to the Measures, an enterprise enlisted as B category is subject to normal Customs regulation. It means Customs would still be working long shifts due to the large amount of B enterprises. The figure below demonstrates that many Agent Declaration Entities need to upgrade their professionalism, business quality and security management to meet the requirement set in the China Customs' AEO Program.

Figure 4: Distribution of Agent Declaration Entities (6,455 in total) regulated under the Measures on Classified Management of Enterprises in year 2008



Source: A Survey Report on Customs Brokerage Service by the China Customs Brokers Association in 2009.

- The Business Market Demands Expertise in Customs Brokerage

According to the survey result, the low quality of customs declarations and goods classifications became the major challenge facing Customs who were already constrained with human resource intelligence. With 30 years of China opening-up to the world, Customs brokerage as an emerging industry was then in lack of senior, professional and reliable Customs brokers. Customs officials usually spent significant time on the validation and correction of declarations, which prolonged the duration of clearance. In this context, when importers or exporters were to use customs brokerage service, expertise such as high accuracy in classification and valuation were major criteria so as to avoid errors in declarations.

3.3 Customs Obligated to Outsource Daily Business to Professional and Reliable Partners

- A Gap between Tasks and Capacity in both Customs Officers and Administration

The terrorist attacks of September 11, 2001, changed the landscape of global trade including in China. Because supply chain security was added to its existing portfolios (which include revenue collection and anti-smuggling) China Customs is required to do more with less. Nevertheless, Customs workforce remains the same, with a total around 50,000. There has been a mounting pressure on China Customs in balancing trade security and facilitation with the limited human resource capacity.

- New Trade Modes and Trade Partners Require the Motivation of Business Specialists

Application of the advance ruling for goods classification, valuation and rule of origin has long been a common challenge to Customs because of insufficient human resource and capacity in dealing with increasing number of new products and accessories from the international trade. The Processing Industry provides a good example, as almost half of Customs workload is related with it nowadays in China. Raw materials originating from multiple locations are transported to a facility to be processed or manufactured. The products are further assembled and packaged in other locations and the finished goods are then distributed all over the world. The entire process is managed by different trade partners, involved with different regulatory schemes at different border crossings.

The Preferential Trade Agreements between countries have also increased significantly. These arrangements, mostly intended for trade facilitation and regional economic integration, have impacted on Customs especially in the areas of origin, classification and tariff calculation. It means that a high degree of professionalism and expertise on core Customs techniques is required in addition to rules that may apply such as anti-dumping duties, safeguard measures and countervailing duties.

In this context, it is imperative for Customs to motivate the expertise and compliance awareness of the Agent Declaration Entities which are generally working at the frontline with importers and exporters.

3.4 The Key Role of Classification Specialists under the China's AEO Program

Under the China's AEO program (Measures on Classified Management of Enterprises), an enterprise enlisted as A or AA category can enjoy one of the benefits: to

make declarations at a Customs house where it is registered with and have its consignments cleared through another Customs house where the consignments are to import or export. This largely facilitates clearance and reduces the time cost for traders, particularly for the processing industry enterprises located in inner areas of China.

The WCO SAFE Framework of Standards encourages Customs administrations to develop partnerships with business and between each other to secure and facilitate trade. Economic operators that have received AEO status or are applying for AEO status expect to get benefits in return for their efforts to comply with high security requirements (for example, in the form of reduced controls and priority treatment and potential further advantages). However, the sustainability of AEO programmes faces some risks. Logic suggests that building and keeping mutual trust between customs and trade is essential in the application and sustainability of AEO programmes (Susanne Aigner 2010, Robert Ireland 2011). In the course to implement this trade facilitation program, China Customs also met puzzling situations due to different understanding of the program, different command of customs knowledge, and compliance awareness on the part of private sector.

In order to optimize the Management, both Customs and Business realize the necessity to stimulate those professional and compliant traders as leading examples in its implementation. In this regard, reliable specialists from Customs brokers working in Agent Declaration Entities and large import/export companies should be motivated to conduct classifications accurately beforehand so as to avoid incorrect declarations at borders. There is a consensus to adopt an extended enforcement approach for efficient and effective management, including advance ruling on goods classification, fast delivery at border control section and follow-up auditing after declarations. This approach has led to the shift of Customs enforcement focus from individual consignment-based checking to customs brokerage-based auditing.

4. Experience Gained

4.1 Customs Transactions Are Facilitated through the Service of the Classification Specialists

While running the accreditation mechanism, the Customs Brokers Associations employ the same training criteria, same teaching material, uniform examination standards and uniform operating platform. Customs brokers are motivated for professional trainings organized by the Associations. Once accredited, the Classification Specialists can enjoy both professional and compliance recognition and access to business opportunities relating customs clearance. The consignments classified and declared by the Specialists are facilitated and delivered on a fast track.

After a three-year pilot running in eleven Customs regions, this mechanism has proved successful. According to a market survey through questionnaire and round-table consultations, for instance in Tianjin (one of the four Municipalities directly report to the Central government in China), the classifications conducted by the accredited 72 Specialists got surprisingly 100% consent in validation by the Customs authority, concerning hundreds of products and accessories. This survey also showed that the importers and exporters using the Classification Specialists had their trade cost reduced by 40%. In Shanghai, so far there are 20 accredited Agent Declaration Entities providing

goods classification service for around 2,000 importers and exporters (most of them become regular clients), relating 400,000 consignments. Benefited from their expertise, reliable performance and good records in Customs, the 20 Entities have had their business increased by 9 times in average, accordingly, the release of these consignments are half time less than before.

4.2 The Agent Declaration Entities Are Encouraged for Professional-oriented Business Partnership

Professionalism and reliability are of critical importance for business competitiveness under the knowledge-based economic globalization. The key to accessing and harnessing professionalism lies in collaboration with partners by taking account of the relative advantages respectively. According to the work report of the China Customs Brokers Association following the accreditation scheme, some trends have been appearing in business partnerships and merging towards a more efficiently regulated customs brokerage market:

Business partnerships or joint-venture corporations are emerging in scale between the accredited Customs Brokers Agencies which have such merit in human resource intelligence as the Classification Specialists and the large multinational logistics companies or transporters which have financial strength and global trade coverage;

SMEs are enthusiastic to join the Customs Brokers Associations and assign their in-house Customs professionals to attend formal training courses delivered by specialists who are from Customs and the accredited Agent Declaration Entities;

The Classification Specialists are very prudent in viewing and verifying documents to secure the interests of business stakeholders. The informal trade activities conducted by incompetent and noncompliant Customs brokers like “Shell Company”, or “One-Man-Shop Broker” are being cleaned out of the market. Some Customs brokers who are licensed through professional examinations were identified to speculate the regulatory loopholes for illegal profits.

4.3 This Mechanism Brings a Win-Win Situation in the Customs Brokerage Market

This mechanism has led to a win-win environment to the three parties: the Customs administrations, the importers and exporters, and the Agent Declaration Entities. This has strengthened the Customs-Business partnership on a structured scheme in addition to ad hoc cooperation such as round-table advisory consultation or policy discussion. Human resource intelligence is well explored and motivated so as to relieve the over burden and legal liabilities of Customs. Customs officers are frequently invited by the Specialists to attend workshops to gain a more accurate knowledge of the products to be imported or exported; vice versa, the Specialists are invited to attend workshops organized by Customs to update compliance awareness with the new regulations, new tariff rulings, etc.

The accredited Agent Declaration Entities are able to enjoy benefits such as a reduced risk rating, expedited clearance procedure, periodic audits and reputational business opportunities. It also demonstrates the vast majority of SMEs have benefited when their customs transactions are conducted by the accredited Entities.

The Specialists are taking the initiative to protect their corporate brand image by

advocating knowledge-based company ethics and law-compliance behavior, to protect their accreditation status as well as the interests of trade stakeholders to ensure sustainable partnership. These companies voluntarily operate closely in concert with the regulators to stem potential commercial frauds.

All players under this mechanism enjoy greater confidence and assurance of the predictability of supply chains. Therefore fast and efficient customs declarations can thus be ensured with every player taking responsibility for their part. It is as Dr. Kunio Mikuriya, Secretary General of the WCO stressed:

In these early years of the 21st Century, there is no alternative other than cooperation between all those involved in international trade - this is the key to development and the engine which drives the global economy forward. We must stand together as we look to the future.... In many of its instruments, tools and best practices, the WCO recommends that Customs administrations press forward with the establishment of partnerships with legitimate economic operators, forge links with business networks and with professional associations. (It was quoted from his speech on Customs Day in 2010, the WCO theme for that year was Customs-Business Partnership.)

5. Way Forward

5.1 Treat Classification Specialists as an Outsourcing Force for Intelligence-driven Risk Management

China Customs has launched Paperless Clearance Project in several regional Customs. As a result, the current dual track of electronic and paper-based declarations will be replaced with exclusively electronic clearance system by 2015. This project will facilitate the customs procedure towards much speedy, economic and integral. However it demands high level of expertise and compliance awareness on the part of Customs Brokers who are working at the center of world trade transactions. It needs close collaboration between Customs and Business to effectively carry out regulatory mechanisms such as the intelligence-driven risk management to achieve a secure, facilitated global supply chain.

Risk management is a necessary component of Customs regulation nowadays. It is, however, a journey of discovery, during which information and intelligence is reported, analyzed, collated, circulated and shared in a timely manner. It requires the regulator to harness the mass energies of all directly or indirectly involved stakeholders, including the private sector. Robert Ireland (2011) said risk management (in addition) is a demand of the private sector, which seeks predictable, simple, and fast formalities for economic operators who are generally compliant with international trade norms and regulations. This mechanism provides a perfect opportunity for reliable Customs brokers to proactively participate in the risk management. The information provided by them who are in custody of huge amount of commercial and logistics intelligence can greatly benefit Customs risk management systems. This explains why Classification Specialists are treated as a critical stakeholder under this accreditation mechanism, who can be supporting human intelligence force for Customs to carry out advance controls.

5.2 Develop Training Curricula to Ensure Compliance from the Classification Specialists

For China Customs, revenue collection remains one of its core missions. In the

context of current international trade landscape, for instance, the paradigm moving from “trade in goods” to “trade in tasks” has complicated the value chain of goods in trade, the Customs Brokers Associations are therefore expected to take the leadership in designing and managing education programs geared towards accurate declaration reporting.

It is also suggested that the Customs Brokers Associations incorporate elements of the WCO Revenue Package in the training curricula and examination criteria targeted to the Classification Specialists. The Revenue Package has been developed in response to WCO Members’ concerns regarding falling revenue returns in the light of the global financial crisis and declining duty rates. The Revenue Package provides details of all tools and instruments relevant to tariff classification and revenue collection which are available to WCO Member Customs administrations and the private sector. This includes, inter alia, formal instruments and Conventions, guidance notes and training material. They are of instructive guidance for Business in meeting obligations to Customs in respect of declaring and paying the correct duty.

Summary and concluding remarks

This study focused on China Customs’ *Goods Classification-in-advance Specialists* program which entails accreditation of private sector Classification Specialists. The program is assisting China Customs to do more with less, to target high risk shipments more effectively, and to strengthen good governance in supply chain management.

The Customs Brokers Associations have played a critical role, not only for coordination purposes, but also for training, qualifying and monitoring to the Classification Specialists so as to promote brokerage service, expertise and compliance. To maintain the accreditation process transparent, integral and dynamic, the program managers of both Customs competence departments and the Customs Brokers Associations realize the importance to strengthen training for high professionalism and compliance awareness of the Classification Specialists, through unification of operational process for goods classification, unification of training material and examination standards, uniformity of accreditation criteria and uniformity of classification software for advancing ruling.

Annex 1: The WCO Recommendation on Binding Rulings/Advance Rulings

(Pertinent WCO instruments include the Revised Kyoto Convention, Framework of Standards, Customs Data Model and the Unique Consignment Reference)

http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/~/_link.aspx?_id=5CE307A83AD34A8DA31A8A6D667A8007&_z=z

With the aim of providing advance and predictable information to companies in order to facilitate compliance with Customs requirements, a number of Customs administrations have established a binding ruling programme, in accordance with the provisions of Standard 9.9 of the revised Kyoto Convention.

The expression “binding ruling” (or “advance ruling”) generally designates the option for Customs to issue a decision, at the request of an economic operator planning a foreign trade operation, relating to the regulations in force. The main benefit for the holder is the legal guarantee that the decision will be applied.

Although tariff classification is at the present time the most common area for binding rulings, origin and valuation rulings are also common. With regard to tariff classification, for example, this system helps operators obtain the correct tariff classification for the goods they plan to import or export. This is clearly an important factor, given that the tariff heading of the goods determines the rate of the Customs duties as well as the application of the different legal provisions (import/export licences, rules of origin, anti-dumping duties, security standards, etc.).

SECTION 2 – PROFESSIONAL EDUCATION IN CUSTOMS DOMAIN

The use of such a ruling will also help importers and exporters reduce the Customs clearance formalities for their goods and will consequently expedite the goods' release. The basic elements of this procedure can be summarized as follows:

- The request must supply the administration with all the information required (detailed description of the goods, possible inclusion of samples, plans, various documents, etc.). Should the request contain inaccurate or incomplete information, the ruling based on such information could be revoked;
- The reply must be issued in writing within a specified period;
- The ruling is binding on the administration following its issue and is valid for a specified period. However, in some cases (issuing of a new regulation, amendment of the interpretation of the nomenclature at international level, etc.), this decision ceases to be valid;
- Only the holder of the binding ruling can call upon its application, provided that he/she demonstrates that the commodity presented and the commodity described in the decision correspond in every respect;
- These decisions are generally made public to ensure transparency and equality of treatment of operators as well as the uniform application of the regulations.

Annex 2: Different Regulatory Modes on the Access to Goods Declarations

The following table is compiled for reference to compare different Customs regulatory modes on the access to goods declaration.⁵

Level of Restriction	Regulations in Qualifying the Access to Customs Declaration		Example of Countries
Low	No licensing and professional-oriented examination for both self and agent declarations, including direct and indirect representatives in agent declarations.		Germany, the UK
	No license is required on self declarations completed by importers/ exporters themselves or their authorized employees.	License is required for direct representative of agent declarations in meeting eligibility qualification (e.g. citizenship, compliance record) but no requirement for professional-oriented examination.	South Africa
		License is required in meeting eligibility qualification and professional-oriented examination for agents to be direct representatives. No license is required for agent declarations made by indirect representatives.	France, Greece, Italy, Portugal, Spain*
		License is required in meeting eligibility qualification and professional-oriented examination for Customs brokers (declarants) to make all agent declarations.	Australia, Canada, Japan, Republic of Korea, Russian Federation, the US
	License is required in meeting eligibility qualification and professional-oriented examination for Customs brokers (declarants) to make both self and agent declarations.		China, Mexico, the Philippines
High	Agent declaration is mandatory in Customs transactions; and license is required for Customs brokers in meeting eligibility qualification and professional-oriented examination.		Most South American countries such as the four MERCOSUR states: Brazil, Argentina, Uruguay and Paraguay

* The Modernized (European) Community Customs Code regulates: It will be no longer national restrictions

⁵ A similar study can be found in the CONFIAD (Confederation International des Agents en Douane), 2007, the Impact of the Customs Representation on the EU's Competitiveness and Security. See reference at <http://www.ddcustomslaw.com/pdf/Explanatory%20memorandum%20eng.pdf>

on customs representation but possible conditions and common criteria to be fulfilled by those persons who want to act as representatives in other Member States. The Code entered into force on 24.06.2008, pending full application by all its member states.

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