

Role of the Broker



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Panel: Michael Ford, Vice President, Regulatory Compliance and Quality, BDP International, Inc.
Amy Magnus, District Manager, A.N. Deringer
Ted Sherman, Director, Global Trade Services, Target



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U.S. Customs & Border Protection

Broker Administration

- 12,359 licensed Customs brokers (active)
- 7,985 filer codes
 - 4,119 assigned to brokers
 - 3,866 assigned to importer self-filers
- Broker examination administered to:
 - FY 2011 – 2,453
 - FY 2010 – 2,478
 - FY 2009 – 2,912



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Broker Regulatory Revision Project

Major areas:

- Broker Responsibilities
 - Require broker to have greater connectivity to importer
 - Strengthen proof of identify requirements related to power of attorney
 - Examine broker-freight forwarder relationship
 - Explore brokers' role as force multiplier related to small and medium sized importers



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Broker Regulatory Revision Project

- Regulatory Modernization
 - Update regulations to account for modern business practices
 - Discontinue use of Triennial Report
 - Address off-shore “Customs Business” operations
- Professionalism
 - Revisit examination requirements
 - Enhance licensing criteria
 - Introduce continuing education requirements



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Broker Regulatory Revision Project

- Penalty Regime/Disciplinary Actions
 - Assess 19 U.S.C. § 1641 penalty provision
 - Clarify what constitutes filer code misuse
- C-TPAT Broker Partnership
 - Explore revamping the substance of broker participatory elements



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Target Corporation - Based in Minneapolis. More than 1,750 stores, second-largest importer of containerized freight.

- Customs compliance at Target – Member of ISA program since 2003, founding member of C-TPAT (Tier III).
- Customs Filings - Self-Filer for a large portion of volume. Balance filed by one major brokerage.
- Team – 100 team members, 30 licensed brokers

Major Challenges/Areas of Focus:

- Retail – Speed to market – Need for rapid clearance of goods.
- Corporate Reputation – Target considered one of the world's most ethical/admired companies – plays a role in everything we do.
- Customs/Trade – Diversity of product mix, origins results in a very complex operation – Apparel, ADD/CVD, FTA/STP, OGA, etc.





Nature of Importer/Broker Relationship

Transactional



Strategic

- Accurate, Timely Filing
- Solid Compliance Controls
- Handles Lower-Risk Volume

- Thought Partnership
- Sharing of Best Practices
- Insight into Emerging Issues
- Best-in-Class Team and Systems

Expectations of Brokers

- Key component of an importer's overall compliance program.
- Expectation of similar compliance philosophy.
- Continuing education for staff –
 - Large, diverse importers require broker knowledge on an array of topics
 - Goal is to ensure supply chain speed and lower risk
- Expectation of efficiency and cost savings ideas from brokers



BDP International

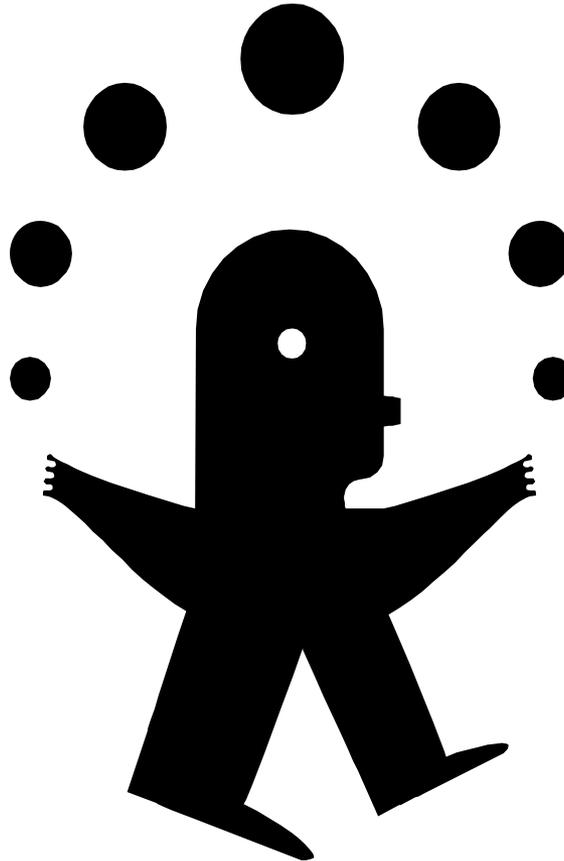
- **Demonstrated Expertise in Global Logistics**
 - Market Strength
 - Industry Partners
 - Global Network
 - Market Recognition of BDP Capability / Performance / Regulatory Expertise/ Applied Technology
- **Full service provider of Global Logistics requirements**
- **Very strong experience with global chemical industry**
- **Private company, our time and energy are spent on our customers**
- **History of developing innovative solutions tailored to our clients requirements**



The Customhouse Broker

Today's skills

- Data Content
- Knowledge of Port Practice
- ABI / AMS
- Educational Needs
- Relationships
- Systems Awareness
- Regulatory Knowledge
- Security Protocols
- Logistics Awareness
- 44 PGA Requirements
- Free Trade Agreements



Skills for year 2020

- Web Applications & Clouds
- Synchronization of Data
- Regulatory and Legal Awareness
- Networking with Multiple Government Agencies
- Complexity of Valuation & Classification
- Strategic Alliances
- Logistical Visibility & Speed
- Borderless Processing 24/7
- Product Sourcing Dynamics
- New Import Drivers



- A.N. Deringer, Inc was founded in 1919, and is one of the largest privately held logistics companies in the US.
- Deringer's spectrum of logistics solutions includes Customs brokerage, Warehousing & Distribution, Global Transportation, Consulting, and USDA Inspection.
- Over 30 offices and distribution centers along the US/Canadian border from Maine to Blaine, WA and at key air/vessel ports throughout the US.
- More than 400 Deringer employees; 40% of whom are licensed as a Customs broker or who carry other certifications (e.g., IATA, Hazardous Materials, CCS, CES).
- C-TPAT certified as a Customs Broker and Consolidator



The Broker

- Traditional Role
- Diversity of Brokerage Operations
- Brokers as supply chain advisor
- Brokers as knowledge clearing house – not just for CBP rules and regulations, but all other government requirements
- Brokers' issues cut across the entire import and export spectrum
- Broker issues are importers' issues, not a single importer, but the full range of importers
- Future Role





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