



# SITPRO NEWS

## Trade Facilitation Now!

Issue 54, Autumn 2005

### 2 Years After Cancún - Is a WTO Agreement Any Closer?

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The World Trade Organisation is currently preparing for its next ministerial meeting, to be held in Hong Kong this December, over two years after the collapse of WTO negotiations in Cancún. Originally, it had been hoped that the Doha Round could have been concluded within three years and, more recently, there has been a move to try to conclude the Round by the end of 2006. Yet progress across the board has been slow and what is needed at Hong Kong is agreement on the framework for "end game" negotiations in 2006. Whether this can be achieved remains to be seen.

However, despite the disappointment at Cancún, WTO members have continued to look forwards. It was a huge step towards progress with the Doha Round that WTO Member countries were able to agree the so-called "July package" in 2004 which put the negotiations back on track. For the Trade Facilitation agreement, this was a turning point as the package included, for the first time, a commitment to open negotiations in this area, singling it out from the other Singapore Issues.



With the negotiations on Trade Facilitation focusing on three articles of the GATT, there have since been around 70 proposals tabled by WTO Members, both developed and developing countries, for new or improved commitments to bring the 50-year old GATT up-to-date. The Chair of the Negotiating Group, Ambassador Noor of Malaysia, is hopeful of getting political agreement to at Hong Kong to move to text-based negotiations next year based on a WTO Secretariat compilation of the tabled proposals.

In recent years, the non-governmental voice at WTO Ministerials has been strong, particularly from non-business organisations. Although business has a presence, this needs to be strengthened, and with trade facilitation now firmly on the Doha development agenda, trade facilitation agencies need to be part of the picture. In its role as the world's leading trade facilitation agency, SITPRO will be attending the meeting in Hong Kong, as a non-governmental organisation, to lobby for the launch of text-based negotiations and help to ensure that developing countries' capacity concerns, such as those discussed at the Boksburg Group (see [What is... The Boksburg Group?](#) on page 2), are addressed.

SITPRO's Chief Executive, Malcolm McKinnon, explained that SITPRO had a simple message for the ministers meeting in Hong Kong, "Trade facilitation is a classic "win-win" issue. It has the potential to deliver economic welfare gains of the same (huge) magnitude as market access." He hoped that ministers would, "stay focused on the big prize," during their negotiations.

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### News in Brief

#### BCC Workshop

On the 3 November, UK Trade & Investment and the British Chambers of Commerce held an event in Birmingham for the staff of UK local Chambers. The objective of the Workshop was to discuss the export issues that confront the front line staff in their day-to-day work especially the issuing of documents.

SITPRO was invited to participate in the breakout sessions and to give a presentation on the Way Forward to Paperless Trade. Electronic equivalent of trade documents has particular and significant interest for Chamber staff with the recent launch of eCert Xpress, the on-line Certificate of Origin service.

Presenting the SITPRO vision for the future of paperless trading, Gordon Cragge emphasised the important work being done in the European Union, Asia and internationally through UN/CEFACT, especially on the developments of electronic certificates for origin, veterinary and plant health controls. Initially these eCerts will be exchanged between governments but will still speed up the export and import processes.

## CEO Perspective from Malcolm McKinnon



Since my appointment in June time seems to have flown by. Most of our key business projects are now in full swing, and we will soon have had a full round of Policy Group meetings.

This autumn, the WTO negotiations are building towards the Ministerial meeting in Hong Kong; and as preparation for this we have just held a very successful regional meeting of the Boksburg Group in Brazil. In Europe, the EU customs modernisation programme comes to a head this month with another key Ministerial meeting committing Member States to the Multi-Annual Strategic Plan. At home, the UK International Trade Single Window project is taking off fast.

SITPRO is contributing in these and other areas, e.g. security. It is clear that more stakeholder engagement will be needed, particularly on the single window project, for which we are establishing a specific task force, given the read-across it has to many areas of our work.

We will begin work shortly on our Business Plan for 2006/07. We will have a smaller budget than this year but continuing demands on staff resources. We are likely to have secondment opportunities for people whose organisations might find it useful to loan them to us for specific short-term tasks. If any of our stakeholders are interested I would be glad to discuss possibilities with them.

### What is... The Boksburg Group?

The Boksburg Group is a think-tank brought together by SITPRO and the Commonwealth Business Council and comprising mainly public (trade and customs) and private sector representatives of mainly developing countries. It takes its name from the venue of its first meeting in 2003. The Group takes stock of progress with the WTO negotiations and tries to stay one or two steps ahead. Initially its role was to build confidence amongst all WTO Members in appreciating the potential benefits to them of trade facilitation. The case for trade facilitation has now been widely accepted. Indeed, many of the proposals for a WTO trade facilitation agreement, which have often come from developing countries themselves, were inspired from the informal Boksburg Group discussions.

In many countries trade is frustrated, and transaction costs escalated, by inefficient and over bureaucratic procedures. Simplification would reduce time delays at the border, get goods moving, increase speed of payment and delivery, attract inward investment and help companies to avoid having to overstock to compensate for delays. A WTO Agreement would support the revised Kyoto Convention of the World Customs Organisation by establishing binding commitments to modernise and simplify customs and other border trade procedures.



The latest meeting of the Boksburg group, which took place in Brazil at the beginning of November

The main concerns that continue to be raised by developing countries are how the costs of modernisation could be met and their capacity to implement the obligations in a WTO agreement. The Boksburg Group has discussed these capacity constraints and formulated ideas on how flexibility could be achieved in an agreement, for example by pegging the extent of obligations to levels of development.

## Setting the Standard for Single Windows

In September, UN/CEFACT held a joint meeting, including six of their Trade Business Groups, to consider the approach and work required to establishing common standards and interoperability for Single Windows. The involvement of groups addressing all aspects of international trade transactions and electronic standards is representative of the way in which the benefits to be gained from Single Window systems would cut across all aspects of the trading environment.

The meeting discussed the current efforts to harmonise data elements and in particular the recent work by the World Customs Organisation in the area of Customs-specific elements and the work of the Pan-Asia Alliance to address the incompatibilities between individual country requirements. It is hoped that a combination of this work and current UN-led initiatives might create a strong platform for Single Window standards work in the future. The use of internationally agreed standards is vital if countries' individual Single Windows are to become part of a wider, electronically enabled trading community. However, it is an ambitious project that will take a lot of time and close cooperation between a wide range of agencies.

Following on from this meeting, UNECE is holding a workshop in Geneva next March in order to investigate fully the possibilities for developing internationally agreed Single Window standards. It is hoped that this meeting will lay the groundwork for the urgent work that is required in this area.

## Hoisting Sails on the MASP

In mid-November it is expected that ministers will formally commit the Member States to implementing the customs modernisation programme as detailed in the Multi Annual Strategic Plan (MASP). This will entail a major overhaul of existing Customs and trade systems, putting into place the Modernised Customs Code. SITPRO supports this ambitious vision which, if successfully implemented, will improve EU and UK business competitiveness.

However, one of the first projects within the MASP is the Security Amendment to the existing Customs Code. In September consultation on their implementing provisions was concluded. SITPRO, responding through EUROPRO expressed regret that the proposed draft fails to offer business any meaningful incentive to work in partnership with government and reduce the burden of control.

In cooperation with other leading European trade associations, SITPRO has written a letter to the Commission, Council and European Parliament inviting them to take greater account of business views. The message is that effective business consultation must be based on three principles:

- At the legislative level there must be a mechanism to ensure that business views are considered when preparing, negotiating and administering legislation.
- Project management must be strong, decisive and centrally managed, involving business at all stages. Experience shows that leaving implementation to the twenty-five Member States is unlikely to succeed without central direction.
- Finally, in defining system requirements for the European trade and customs environment, it is essential that an open dialogue between business and the various institutions is assured.

SITPRO believes that the Commission's vision for a paperless trade and customs environment offers real opportunities for UK competitiveness. The challenge is to maintain the focus of the Member States and the EU institutions on their original visions, to keep business involved, and above all to make it work. If you would like to learn more about the activities of SITPRO and EUROPRO in this area, please contact Andrew Grainger ([andrew.grainger@sitpro.org.uk](mailto:andrew.grainger@sitpro.org.uk)).

### News in Brief (continued)

#### Single Window Trade Forum

The UK International Trade Single Window programme is picking up pace rapidly as a result of positive input from a number of government departments. However, this is a project where the opportunities and challenges will effect both government and the trade.

SITPRO is keen to ensure that traders have as much opportunity as possible to discuss the Single Window proposals and is therefore setting up a Single Window Trade Forum (SWTF) to give interested parties a chance to express their opinions.

The first meeting of the SWTF will be taking place on Thursday 1 December. If you would like to find out more about this group or submit any written comments for discussion at the meeting, please contact Paul Hiscock ([paul.hiscock@sitpro.org.uk](mailto:paul.hiscock@sitpro.org.uk)).

#### Survey says...

The results of a recent survey of UK importers by SITPRO's Andrew Grainger have now been published and reveal that there is considerable variance in perception of the cross-border environment. It highlights how variables like scale, number of Customs entries, exposure to additional regulatory regimes, relationship with third parties and regulatory agencies, use of agents, choice of port, capabilities, training and IT infrastructure are all likely to have an impact on optimal arrangements. However, findings also suggest that government agencies can make considerable improvements to the regulatory environment.

The full report is now available from the SITPRO website at [www.sitpro.org.uk/reports/ukimp05.pdf](http://www.sitpro.org.uk/reports/ukimp05.pdf)

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This issue, SITPRO's Helpdesk Manager, Aileen Prendergast, explains how to find out about import duties in Europe.



**Q.** I am looking at exporting to a number of countries outside the European Union and would like to know how much import duty my customers will have to pay. Where can I find this information?

**A.** You can find this information on the EU's Market Access Database at <http://mkaccdb.eu.int/>. This database is provided free of charge by the European Union and is designed to assist EU exporters enter world markets by providing amongst other things information on tariffs and duties and import formalities. By entering the first 4 digits of the commodity code or the product description and the country of import in the relevant fields in the Applied Tariffs section, you will be able to find the duties and taxes applicable. The heading MFN in this section means Most Favoured Nation and is the rate of duty applied under WTO conditions. The heading EU means the rate of duty applied for products that qualify as EU originating goods under the rules set out in a bilateral trade agreement between the EU and a number of other countries. GSP on the other hand is the lower rate of duty applied to goods from developing countries under the Generalised System of Preferences. The Import Formalities section provides details of documentary requirements for the various markets.

Please note that you will not be able to access the above if you are located outside the EU. If your business is located in the EU but the connection goes through a proxy which is located in a non-EU country, you will similarly NOT be able to access the database.

If you need help with a trade procedures query, call Aileen at the SITPRO Helpdesk on 020 7467 7280 or email [aileen.prendergast@sitpro.org.uk](mailto:aileen.prendergast@sitpro.org.uk).

## Authorisation Required!

The Authorised Economic Operator (AEO) concept is a key feature in the Security Amendment to the Customs code. SITPRO feels that, as a concept, it offers a real opportunity to develop meaningful cooperation between individual traders and customs administrations and reduce trade related transaction costs. Ideally, the AEO concept would allow administrations to free traders from the burden of consignment by consignment based declarations, moving towards an audit based control regime.

Sadly, this rhetoric has not been matched by the Commission's recently proposed implementing provisions. Instead of developing an ambitious programme to free traders from regulatory burden, the Commission appears to be adding to the burden and offering few incentives for traders to become authorised. Nevertheless, SITPRO, with EUROPRO, is continuing to apply pressure on the Commission and member state administrations and through EUROPRO, in partnership with leading trade associations, a letter was sent inviting the Commission to take industry more fully into its confidence and listen to its views.

The AEO concept will remain an important area of debate in the coming months and one forum for discussion of this issue will be the forthcoming meeting of SITPRO's International Trade Practices Group on Wednesday 30 November. We are still keen to hear from the trade on this matter and you are invited to send your comments to Andrew Grainger ([andrew.grainger@sitpro.org.uk](mailto:andrew.grainger@sitpro.org.uk)).

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