

SITPRO NEWS

Trade Facilitation Now!

Issue 65, Summer 2008

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Perishable Food Documents Cost Over £1bn

SITPRO has just published startling research into the cost of paper documents in the perishable foods supply chain. The 'Project Hermes' report finds that current documentary systems cost the perishables supply chain more than £1 billion annually. In contrast the research, which considers the use of paper in the whole international supply chain from suppliers in third countries to UK retailers, estimates that potential savings of over £700 million could be made by implementing straight-through processing (STP).

STP refers to the transfer of data by electronic message through all the parties in the supply chain, including importers, exporters and authorities. Open international standards for data and messaging (such as UN/CEFACT's UNeDocs project and the UK implementation, UNeDocsUK) are a vital step towards providing this interoperability.

Since the completion of this research last year SITPRO has discussed the findings with

government departments and the grocery industry to confirm the robustness of the results. With up to 1.4 million incidents of missing or delayed documents in a single year, incurring the additional cost of securing replacements or amendments, the benefits of reducing paper documents are clear.

Copies of the research are available from SITPRO or may be downloaded from www.sitpro.org.uk/reports/hermes.pdf.

The Scale of the Documentation

150	Documents in a typical single complete consignment transaction from grower to retailer (= up to 225 pieces of paper)
1 billion	Pieces of paper generated each year by UK perishable food imports supply chain
30%	Data entered more than once
189 million	Duplicate consignment entries
Over 90%	Paper documentation subsequently destroyed - much non-recyclable
0.5%	Consignment cost savings from each day saved in supply chain

CEO Perspective from Malcolm McKinnon

As this edition of SITPRO News goes to the printers, Ministers and senior officials from over 30 WTO member countries have gathered in Geneva to see whether a deal can be struck to conclude the protracted Doha round of trade negotiations by the end of the year.

Pascal Lamy, the WTO Director General, has said that recently issued revised texts covering the negotiations on agriculture and industrial tariffs "set the stage for a decisive moment in the Doha round" and that "we must not let this opportunity slip through our fingers". Yet while Ministers arrived in Geneva in reasonably optimistic mood, one commentator described the mood at the end of Day 3 (July 23) as "sombre". Already the timetable has slipped and negotiations are expected to continue into early next week. As I write going into Day 5, the next 24 hours are thought to be critical.



Trade facilitation has hardly been mentioned this week, yet WTO members recognise it could be a key outcome from the Doha Development Agenda (DDA). Progress has been more consensual, but it still depends upon agreement in other areas. We hope that a compromise will be found this week to allow a trade facilitation agreement to be concluded as part of the DDA.

Dusting Off Old Memories

Relocating the office (even if only by a few floors - see page 8) is a great opportunity for a spot of belated spring cleaning. During this process I found a lot of items for which the reasons for retaining them are lost in the mists of time: the pile of unused business card holders from a conference a few years back; notes from a forgotten meeting with a colleague who has long since moved on; an out-of-date timetable for a train line I'm pretty sure I've never travelled on



But back-up one item, because I do remember that meeting. It was about the business case for a Single Window, which led to the current cross-government project. Which makes me pause to look more closely at the pile in front of me and I find more papers, each connected to another of SITPRO's achievements, because although international trade seems to move slowly sometimes, we seem to have achieved a lot over the years. You can see for yourself with our new timeline at www.sitpro.org.uk/about/history.html.

Conventional wisdom tells us that those who forget the lessons of history are doomed to repeat them, but SITPRO's past contains a level of success that I look forward to us replicating!

SITPRO Seminar Provides the AEO Answers

There was a full house for both of SITPRO's Authorised Economic Operator (AEO) information seminars in June. Delegates heard presentations from HM Revenue & Customs on AEO including the audit process and a first hand account from Davies Turner on their experiences of becoming an AEO. Both were lively and interactive sessions and answered questions such as, "What are the advantages/disadvantages of applying for AEO status now?" and "What systems will we need to have in place to get through the Customs audit?" The answer to one of the questions, about the

applicability of AEO status, can be found in the SITPRO Solutions column on page 8.



Answering some of the questions about AEOs

SITPRO's Deputy Director of Trade Practices, Peter Kenton, said, "The feedback we have received from companies that attended the seminar has been very positive. This is a fine example of government and the trade working together for the benefit of UK business. We hope to be able to help more traders in this way with some more events later in the year."

Mutual (Recognition) Goals Explored at Transatlantic Meeting

Following the AEO information seminars, SITPRO turned its attention to future benefits from the AEO programme. The US government and the EU institutions have agreed as a common goal the mutual recognition of their C-TPAT and AEO arrangements setting 2009 as the year in which they intend to conclude the necessary agreements. In order to give the trade an opportunity to set out their views and opinions, and make recommendations on the issues arising from this, at the end of June SITPRO hosted a transatlantic workshop attended by businesses drawn from Europe and the US.



Traders from both sides of the Atlantic meet

The initial messages to the negotiators focused on themes such as business wishes, differences between EU and US schemes and definition issues. The delegates agreed that the best way forward is to propose a graduated response on key objectives by having focused targets. They sought a long-term basis for cooperative development of mutually beneficial and business-friendly simplifications including benefits in the field of security controls. However, they also recognised the value of quick wins for both sides to promote success.



Securing the Supply Chain

This autumn, European traders will have an opportunity to reflect upon the impact of security measures on the international trading environment at a conference in the Netherlands organised by some of Europe's leading international trade organisations, including SITPRO.

The pan-European conference will be a forum for delegates to exchange experiences and best practices, share views on the current security landscape and play a key role in the development of this area.

Among the highlights of the two day conference programme are roundtable sessions on:

- The impact of security measures, including Authorised Economic Operator (AEO) schemes, upon businesses over the last year
- The practicalities and benefits of mutual recognition of AEO schemes
- Technical solutions that are available to secure the supply chain

The conference will also include a live case study in the form of a visit to Heineken Brewery to see how they manage their supply chain, including a guided tour of the facility.

Speakers at the conference will include representatives from the trade, government and academia. These include experts from the European Commission, US Customs and Border Protection, EVO, SITPRO, the Swedish National Board of Trade, Lufthansa, Heineken and BAE Systems. Michel Danet, the outgoing Secretary General of the World Customs Organisation has been invited to give the keynote address.

SITPRO's partners in this conference are EFA (a German organisation of academics and businesses looking at European trade and customs law), EVO (a lobbyist and adviser for business in the Netherlands concerning internal and external logistical activities) and ODASCE (a French body that promotes trade facilitation and procedural simplifications).

The conference will take place from 5-6 November 2008 in Amsterdam and booking will open in September. If you would like to register your interest or request further information about the event, please email info@sitpro.org.uk. Additional information will be posted on the SITPRO website as soon as it becomes available at www.sitpro.org.uk/events/security08.html.



The SITPRO Reception 2008

The annual Stakeholder Reception is SITPRO's chance to thank all its supporters for their contributions throughout the year; to reinforce the links between the groups working on different areas of international trade policy and practice; and to introduce new faces who are just starting to get involved in SITPRO's trade facilitation work.



Gareth Thomas MP speaks to SITPRO's Chairman, Norman Rose

This year's event was held at One Great George Street, the home of the Institution of Civil Engineers, and we were delighted, for the third year in a row, to be joined by the minister responsible for SITPRO. Gareth Thomas MP reflected on SITPRO's strong track record in promoting trade facilitation, an issue which had once again hit the headlines that day with an announcement about the new WTO ministerial meeting (see page 2). He also took time to speak with members of SITPRO's Advisory Groups about some of the specific issues where they are working with SITPRO.

Arrivals and Departures

The Stakeholder Reception was also an opportunity to welcome our newest Board Director and to say farewell to another who was stepping down.

Ted Brown joins the Board, replacing Peter Wilmott who retired a few months ago (see issue 63). He brings particular expertise to SITPRO regarding our new work on the services sector having worked for over 26 years with Rentokil Initial PLC. He is currently Chief Executive of Morgan Everett Limited (introducing new waste management systems to key global markets), and Cophall Associates (providing consultancy and mentoring to the service sector).

Catherine Truel is leaving us to pursue the demands of her growing business. She joined the Board in 2006 and has championed SITPRO's efforts in the security area and on the development of its communications activities. She says, "I have truly enjoyed working with SITPRO. Malcolm McKinnon and his team of experts are such a powerful antidote to a contagious outbreak of regulations that now, more than ever, their work is critical to the international trade community. I'm a strong admirer and supporter of their work and I'll continue to help SITPRO in any way I can."



Catherine Truel at the SITPRO Reception

Public Review for e-Invoicing

The latest hot topic in the world of paperless trading is the e-invoice. In early 2005, work commenced at UN/CEFACT to update Recommendation 6 on the Aligned Invoice Layout Key to cover electronic versions of the invoice. Now the new annex to this recommendation has reached the public review stage and interested parties are being invited to submit their comments on the draft text.

Over the last few years several important initiatives have developed that either mandate or allow the use of e-invoicing among trading partners and between the business and government. Consequently many parties to the commercial transaction have been seeking an internationally agreed standard that will support and promote the development of the e-invoice, and accommodate and encourage the migration from the existing paper based standard for the aligned invoice to the electronic equivalent.

SITPRO has also formed a new e-business sub-group to look at this and other work on e-invoicing, including work within the EU expert group on e-invoicing. SITPRO's group held its second meeting in June and is currently working to identify areas where its expertise can help in this important area.

Details of the updates to Recommendation 6 can be found at <http://www.unece.org/cefact> and comments can be made directly or through Sue Bravery at SITPRO. The consultation finishes at the end of August so submissions should be made as soon as possible so that they can be considered.

Student Projects Seek to Confirm Paperless Trading Benefits

Following last year's successful collaboration, this summer four students from Lancaster University School of Management who are currently undertaking an MSc in E-Business and Innovation will be carrying out two projects with SITPRO. The first will look at actual trade transaction costs in a chosen sector, identifying benefits from STP (straight-through processing) and barriers to implementation, building on the work of "Project Hermes" (see page 1). The second project will review current international trading practices within the UK.

The Paperless Trading Research Report produced by last year's students has now been published. This report looks into the gaps between paper and electronic systems in the supply chain and is available at www.sitpro.org.uk/reports/lancaster07.pdf.



Document Review

SITPRO is currently reviewing its suite of aligned international trade paper documents with a view to relaunching the range in 2009. Since the inception of the aligned series based on the United Nations Layout Key (UNLK) SITPRO has adapted and amended the series to meet the changing demands of the international trade community. The last major relaunch of the documents was in 1992 when SITPRO published the compendium known as TOPFORM2.

Since then, the world has moved on. The needs of the international trading community have changed and so has the technology available.

With this in mind SITPRO is now embarking on work aimed at producing the next generation of SITPRO documents and we need your help.

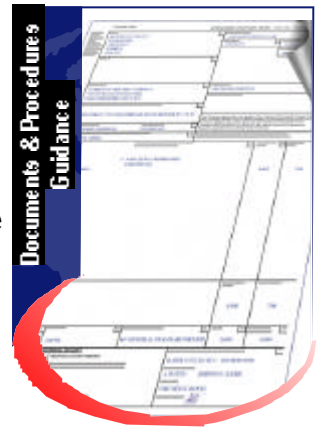
We want to know which documents are still useful to you, which need to be updated and whether any new documents need to be created. We are also taking this opportunity to look at the ways in which SITPRO documents are supplied. If you use the forms, tell us what you like and don't like. If you don't use them, let us know why. If you have any interest the way international trade documents are designed and used in the coming years, this is your chance to have your say. Visit www.sitpro.org.uk/questionnaires/documents.html by 31 October 2008 to take part.

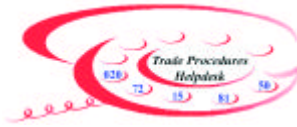
Pioneer Hangs Up His UN Grid

Throughout the years, SITPRO has been supported by a loyal network of licensees who have taken SITPRO's forms and realised them as commercial products for the benefit of the trading community. One of the earliest licensees and pioneers in the field was Roger Newman, who earlier this year retired from the business "after forty years of looking at aligned forms".

These days most people are focussed on the benefits that electronic messaging can offer, but thirty years ago Roger was working with SITPRO as we were on the cusp of another revolution. The overlay system for use with the new photocopier technology was a watershed moment that realised the true benefits of the aligned series. Traders were finally able to type repeated details just once and have them replicated on a range of different forms, reducing the rekeying errors that still plague manually completed documents.

Roger's input into and promotion of the aligned series have been invaluable over the years and are a great example of how SITPRO's licensees not only sell documents, but work with us to make international trade easier. We wish him all the best in his retirement.





Following our information seminars (see page 3) and in a change to our regular column, in this issue Andrea Head, the Authorised Economic Operator national expert from HMRC, answers a question about the new AEO status.

Q. We would like to explore the applicability of AEO in a couple of areas:

- To the air freight environment - especially where the company has existing validations under other regimes e.g. Known Consignor; VOSA Vehicle Security; List X
- When almost all of the company's outbound traffic is routed/nominated

A. Any accreditation held by a business will be taken into account where appropriate. It is unlikely that they will meet all the AEO criteria or cover the whole business operation/sites/products. The visiting officer will need to check the details when attending the premises.

An AEO still has responsibility for goods whilst they are under its control. In such circumstances HMRC will need to consider what controls or procedures are in place to ensure, for example, that the driver can be recognised and that access to route information is secure.

If you have any questions about applying for AEO status you can email aeoteam@hmrc.gsi.gov.uk. For other queries, SITPRO's Trade Procedures Helpdesk is available as usual on 020 7215 8150 or at helpdesk@sitpro.org.uk.

We've Moved - But Not Far!

SITPRO's offices (including the Thorneycroft Suite, where many of our Advisory Group meetings are held) have relocated within Kingsgate House to the first floor. Aside from this slight change all telephone numbers and contact details remain the same.

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