

# SITPRO NEWS

*Trade Facilitation Now!*

Issue 68, Spring 2009

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## Businesses Have Their Say on Procedures

Trade policy minister, Gareth Thomas, has added his voice to those supporting the current review of international trade procedures in the UK. Commenting on the launch of SITPRO's business consultation document, he said, "International trade is vital not just for the global economy but for our domestic prosperity. To help UK firms thrive in the competitive global marketplace we want it to be as simple as possible for them to comply with trade rules."

**Respond to SITPRO's consultation now at  
[www.sitpro.org.uk/regreview/consultation.html](http://www.sitpro.org.uk/regreview/consultation.html)**

Over the past few months, SITPRO has been asking businesses to look at the costs they incur complying with international trade regulations as part of a cross-Government work programme responding to the challenges facing businesses in the current economic downturn. The Government is drawing up an action plan of steps that it can take to reduce the international trade compliance burden and SITPRO is working to ensure that this action plan reflects the real problems faced by the business community.

SITPRO's Chairman, Norman Rose, said, "This review is of vital importance to ensure the continued success of British businesses internationally. We need to target and break down the barriers identified by traders if our efforts are to result in real reductions in the cost of doing business."

Alongside the consultation, SITPRO's staff are also meeting with a range of businesses (see page 5). Businesses are telling us that they need help in these difficult times and SITPRO is working to ensure that the Government makes the changes that traders need.

  
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## CEO Perspective from Malcolm McKinnon

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No matter where you turn, the global economic downturn is everyone's focus, as it needs to be. This is true for the Government, and it is true for SITPRO. BERR, SITPRO's Government sponsor, states in its strategic objectives that it is "completely focused on getting UK business through the global economic downturn and emerging stronger on the other side" and SITPRO's Business Plan for 2009/10, has been undergoing a similar re-orientation. At its heart will be the 2008 Pre-Budget Report review into the cost of international trade regulation in the UK.

Since we announced our major consultation with business in the last issue, we have been explaining the review to international trade fora, sector stakeholder groups and others up and down the country, to ensure that businesses have a chance to contribute their priorities for reducing costs related to the movement of goods across the UK border. We are also carrying out a programme of one-to-one discussions with businesses to draw out priorities and recommendations for how costs can be reduced and processes simplified.

We have issued a short consultation document and I want to encourage as many businesses as possible to send in responses to us by the end of May. You may also like to look on our website at the list of emerging issues at [www.sitpro.org.uk/regreview/issues.html](http://www.sitpro.org.uk/regreview/issues.html). The top ten are shown and you may want to add your weight to the more than 150 respondents that have already registered their votes for the issues (not necessarily confined to the current top ten) that should command the most attention and add your comments about these issues.

The results of the consultation will be fed into a Government Action Plan alongside the 2009 Pre-Budget Report, which will be published in the autumn. This is driving the timetable and is why we would like your responses so soon, in order to ensure if they are to have a real impact on the conclusions and recommendations we are reaching and making on behalf of business.

## World Trade Week UK

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In order to highlight the importance of global trade in creating jobs and growth, the Departments for Business and International Development are holding the UK's first World Trade Week from 8-12 June this year. The week will include a range of events showcasing the UK's successes in this area and promoting the benefits for business of engaging in international trade. If you would like more information about the range of activities taking place during the week and how to get involved, visit the World Trade Week website at [www.worldtradeweekuk.com](http://www.worldtradeweekuk.com).

Trade facilitation has always made sense to me. Ever since I started work at SITPRO I have felt that the concepts we promote should be obvious to everyone. Yet trade facilitation has always seemed to be a minority interest hidden behind more contentious issues.

However, as I put together this issue I suddenly realised there had been a shift. I find myself publishing articles about the UK Government trying to identify procedures to simplify, the international Customs community uniting behind the single window concept and an EU Commissioner promoting trade facilitation as the way out of the economic downturn.

So is that it, is the SITPRO mission complete? Not yet, we still have a lot to do to convert this good will into good outcomes. Now's the time for real changes to happen!

### Single Window a Top Priority for WCO

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In his opening speech at the World Customs Organisation IT Conference in Marrakesh, WCO Secretary General Kunio Mikuriya emphasised the importance of developing single window systems and called for a "whole of government effort" towards achieving this goal. At a conference which acknowledged that most of the technical impediments to the single window had been overcome, the focus shifted to the administrative hurdles of inter-agency co-ordination and legislative reform. Mr Mikuriya emphasised that, "Without political leadership and commitment it is difficult to make progress in solving these administrative and legislative issues as we often observe in the real world."



Kunio Mikuriya, WCO Secretary General, discusses single windows with the conference's hosts from Moroccan Customs

During the conference it was clear that national administrations were making this commitment as successful projects were presented ranging from embryonic to comprehensive systems and even collaboration efforts across borders. Although based on the same single window principles there were a variety of approaches on display. In his closing speech, Conference Chair Allen Bruford praised this diversity reminding delegates that, "The fact that not all single windows look and feel the same is not a bad thing."

# Explaining the EU Services Directive

SITPRO has recently been working to raise awareness of the EU Services Directive, which is due to come into force at the end of this year. It seeks to give fresh impetus to the aims of the EU Treaty by breaking down the remaining barriers to make it easier for service providers to set up in another member state, provide services across border or by temporary movement of persons into another member state.

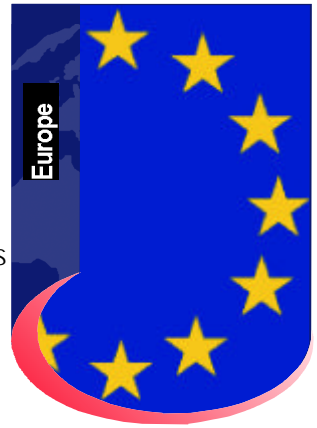
In particular the Directive requires legislation that hinders trade in services between member states to be abolished and greater cooperation between regulatory bodies across the EU. In particular each member state has to set up a point of single contact through which service providers can find the information necessary and complete all the formalities to do business in that member state.

In order to explain the implications of this new legislation, SITPRO has produced two new publications, developed in conjunction with Clifford Chance. The first, *The EU Services Directive and its Implementation in the UK*, is comprehensive in its coverage of the provisions of the Directive, while a second summary guide, *A Business Guide to the EU Services Directive*, covers the salient points and sets out in bullet form what the provisions mean in practice.



The second guide was launched when SITPRO joined forces with Clifford Chance and the Federation of Indian Chambers of Commerce and Industry (FICCI) to deliver a workshop in Delhi on the Directive. The aim of the workshop was to increase awareness among Indian service companies of the opportunities for cross-border provision of services across the EU facilitated by the Directive and to deepen the two-way trading links that exist between the UK and India. It was supported by SEEDA, the development agency for the South-East of England, where much of the UK services sector is based.

Copies of both these new guides to the Services Directive are available at [www.sitpro.org.uk/policy/services](http://www.sitpro.org.uk/policy/services).



# Burdens of International Trade Regulation: Consulting the UK

Over the last few months, SITPRO's staff have been attending meetings around the UK to inform traders about the consultation on international trade regulations. Discussions at round table meetings and trade shows have identified a number of issues, which have been listed on the SITPRO website and are being investigated by the project team. We have also received contributions from many other companies, trade bodies and associations.



## SITPRO is meeting with businesses at:

Automated Customs and International Trade Association  
British Exporter Association (BExA)  
British International Freight Association  
British Retail Consortium  
Fresh Produce Consortium  
GLE oneLondon  
HMRC Business Advice Days in Margate, Maidstone and St Albans  
Intellect  
International Meat Traders Association  
Joint Customs Consultative Committee  
Multimodal 2009  
North East Chamber of Commerce  
Northern Ireland Exporters Association  
Scotch Whisky Association  
Seafish  
Society of Motor Manufacturers and Traders  
UK Trade & Investment SE  
UKTI Survive and Thrive Business Breakfasts in Maidstone, Southampton, Oxford, Reading and Gatwick  
... and many more individual companies across the UK

If you have not yet had the opportunity to meet with SITPRO or respond to the consultation there is still time. Over the next month we will also be going out and visiting companies to discuss their procedures and issues with them in greater depth. If you would like to arrange for SITPRO to visit you, please call Shondeep Banerji on 020 7215 8126 or email [pbr@sitpro.org.uk](mailto:pbr@sitpro.org.uk).

## Ringling the Changes

1 July 2009 is a day of changes for UK traders as they start to use their new Economic Operator Registration and Identification (EORI) numbers and include safety and security data in their export declarations under the latest Export Control System (ECS) provisions.

Traders will have to use their EORI number for all communications with European Customs Authorities from 1 July. A business's EORI number will act as their Trader Identification Number recognised across the EU and will replace their TURN number (if they have one). UK EORI numbers will take the format of GB followed by a 12 digit number based on the TURN. Each legal entity can only have one EORI number - individual branches or divisions cannot have their own number. Economic operators who have used their TURN in the last two years should have been automatically assigned an EORI number from early April.

In order to comply with the additional requirements under ECS, traders will have to make a 'combined' declaration, which will include all the usual fiscal (SAD) data plus the extra safety and security information. All export declarations will be issued with a Movement Reference Number (MRN), which will be automatically generated by CHIEF at the same time as the entry number. This is the key reference identifying individual movements.

There is further information about all these issues at [http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?\\_nfpb=true&\\_pageLabel=pageVAT\\_ShowContent&id=HMCE\\_PROD1\\_029507&propertyType=document&columns=1](http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&id=HMCE_PROD1_029507&propertyType=document&columns=1), including details about the time limits for lodging your declarations and about exit results for indirect exports.

## SITPRO Welcomes New Customs Secondee

Earlier this year, Peter Kenton returned to HM Revenue & Customs and in his place SITPRO has welcomed a new Customs secondee, John Nightingale. John joined Customs in 1982 and swiftly began to specialise in exports. During his career he has worked in the Entry Processing Unit, run the Export Freight Team (looking into consignments possibly subject to export licensing or subject to trade embargoes) and supported the introduction and evolution of the New/National Export System. Most recently he has been involved in early discussions concerning the Excise Movement Control System and how it might dovetail into export messaging. John's wealth of knowledge and experience will be of great benefit to SITPRO in its ongoing trade facilitation efforts and we look forward to working with him over the coming years.



Port and Borders

## **Reviewing the Path for UNeDocs**

The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has begun a review of its key project for the development of electronic document and messages standards for international trade, known as UNeDocs.

Following the report of a review team appointed over the winter period, a new process of consultation with business stakeholders has begun under the chairmanship of UN/CEFACT Vice Chair Peter Amstutz. The aim is to clarify stakeholders' understanding of and expectations from the UNeDocs project. The stakeholder review met for detailed initial discussions during the 14th UN/CEFACT Forum in Rome from 20-24 April, and will continue its reassessment over the next few weeks. The aim of the review is to accelerate delivery of the standards and improve project oversight.

Also at the Forum, detailed work continued on the development of a standard electronic cross-industry invoice, a key deliverable for 2009. SITPRO also led work to complete the public review of UN/CEFACT Recommendations 6 (e-invoicing), 34 and 35 (single window data harmonisation and legal framework) and these are now being prepared for publication.

## **EU Commissioner Highlights Benefits of Trade Facilitation**

In a session on trade facilitation and Africa, in parallel to the UN/CEFACT Forum, EU Trade Commissioner Catherine Ashton warned that "the current economic crisis could push a further 90 million people in developing countries into poverty this year." She emphasised that while aid was important and the European Commission was committed to delivering on its aid promises, developed countries should also be working "to better equip developing countries ... to take full advantage of the economic recovery when it comes."

In order to allow them to reap the benefits of trade, Commissioner Ashton recommended the adoption of simplified, transparent trade procedures, citing studies which show that globally the cost of trade procedures may range from 2% to 15% of the value of traded goods. She spoke about the benefits that some developing countries had already realised and about how both the EC and African countries agree that in light of these obvious benefits a rules-based agreement through the Doha round of trade talks was the way forward. She also emphasised that this was not only a problem for the developing world. A lack of transparency is often enough to stop small and medium-sized enterprises from exporting at all and in the EU only 3% of SMEs export outside the community.





- Q.** I am an independent clothing retailer and recently sold some garments to a customer who resides in Australia. She asked if I was part of the retail export scheme. Can you explain what this is?
- A.** The VAT Retail Export Scheme allows customers to claim a VAT refund on most goods that have been purchased and then exported out of the European Community (EC). Retailers wishing to operate this scheme must be registered for VAT. It is voluntary and shops are under no obligation to operate it. If as a retailer you decide to operate the scheme, at the time of purchase you should ask for proof that the customer is eligible (the customer is eligible for refunds only if their permanent place of residence is outside the EC). Acceptable proof could be a document like a passport. You should then ask them to complete and sign a refund form, either an official Customs Form VAT 407, your shop's own version of it or a VAT Retail Export Scheme sales invoice. Till receipts alone are not accepted as proof of eligibility for a refund.

The goods must leave the EC by the last day of the third month in which the goods were purchased. At the port of departure, the customer may present the completed refund document to the appropriate HMRC representative and make the goods available for inspection. The refund form will then be certified if it is deemed that the goods are in order. The customer will then send the form back to the retailer who will make a repayment of VAT to the customer (the method by which the repayment is made should be agreed at the point of sale). In practice, the refund is often dealt with at the port of departure by a refund company which pays the customer the refund at once, minus its own handling charge, and reclaims the amount from the retailer.

For further information please contact the HMRC National Advice Service on 0845 010 9000 or download Customs Notice 704/1 VAT Retail Exports from [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

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