

SITPRO NEWS

Trade Facilitation Now!

Issue 69, Summer 2009

Business Backs Efforts to Reduce Burdens

In this issue...

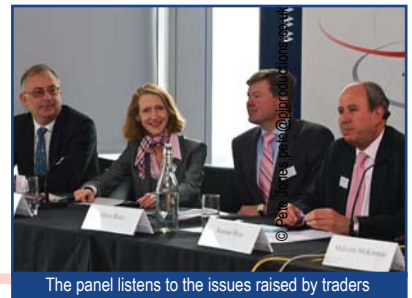
- Businesses Back Efforts to Reduce Burdens page 1
- CEO Perspective from Malcolm McKinnon
- Editor's Notes:
Midnight on the Firing Line . . . page 2
- Implementing the EU Services Directive
- Taking London Global page 3
- WCO Opens Debate on Border Coordination page 4
- World Trade Week UK Celebrates Business page 5
- New EU Regulation on Imports of Illegal Fish
- In Case of Emergency page 6
- SITPRO, to Hull and Back
- AEO Mutual Recognition for East Africa page 7
- SITPRO Solutions: When a Temporary Export Becomes Permanent page 8

SITPRO's consultation with business to identify the regulatory burdens in international trade that impact most on traders has raised over 500 issues, which Government Departments are now assessing with advice from SITPRO. In order to validate these findings, SITPRO invited representatives from the trading community to a specially arranged meeting as part of World Trade Week UK, hosted by law firm Clifford Chance in Canary Wharf.

At the well attended meeting, participants representing a wide range of international trade practices from exporters to port operators were given a preview of the consultation findings. They were concerned that the UK should improve its competitiveness as an international trading hub and supported the findings as laying a foundation for improvements in the border process.

Malcolm McKinnon, Norman Rose and Åke Nilson from SITPRO were joined on the panel by Oliver Bretz from Clifford Chance and Claire Durkin, Director of Trade Policy at the Department for Business, Innovation and Skills (BIS).

The consultation that SITPRO has undertaken will inform a cross-government action plan for reducing the compliance burden to business of international trade regulation (due to be announced this Autumn). Ms Durkin was keen to discuss the issues that traders wanted to see tackled. She told delegates, "Trade has made us great and kept us going, and if we are smart enough it will keep us strong."



The panel listens to the issues raised by traders

SITPRO
Simplifying International Trade

1st Floor
Kingsgate House
66-74 Victoria Street
London
SW1E 6SW

Telephone: +44 (0)20 7215 8150
Fax: +44 (0)20 7215 4242
Email: info@sitpro.org.uk
Website: www.sitpro.org.uk

SITPRO Ltd. is a company limited by guarantee
Registered in England & Wales No: 4188890

CEO Perspective from Malcolm McKinnon



In the last edition of SITPRO News I highlighted the work SITPRO has been doing on the review of UK trade regulatory and procedural burdens promised in the Pre-Budget Report 2008 (PBR). Since then SITPRO has completed its consultation with UK business and is now working with UK Government Departments to sift through the comments and help develop the elements of an implementation action plan. This has not been an easy task. Through the questionnaire, website and face-to-face interviews conducted, more than 500 comments and suggestions were contributed.

Not all the comments were critical. Certain border agencies, especially HMRC, came in for praise for a willingness to listen to the trade and for introducing simplifications in recent years. It is important and fair that these are recognised. As for suggestions for improvements, these have included the availability of advice and information, the complexity of some regulation including those developed within the EU, port procedures and competitiveness, and border agency co-ordination. Business has also been encouraged to develop best practice and improve the competence of their staff through education and training.

Creating the cross-government action plan requires a period of internal consideration and planning. But rest assured, silence does not mean inactivity. We are working hard to address your concerns and issues.

Midnight on the Firing Line

I'm a night-owl (and definitely not a morning person) by nature. One of the side effects of this is that I find myself lying awake in the middle of the night pondering random questions. Recently, one of those questions has been, "What defines an international trader?"

Editor's
Notes

The people I meet (and I've met a lot of them during the recent consultation) come from a wide cross-section of backgrounds and industries. For every captain of industry there are dozens of small business people; behind every sales operation there is a logistics infrastructure; each manufacturer relies upon a network of service providers. I have come to the conclusion that the common factor is ambition. In entering international trade people look beyond the obvious and expand their horizons - exactly what the economy needs in the current climate. If our recent consultation has already demonstrated one thing it is that international traders are not sleeping through this recession, instead they have the ambition to be on the front line of the recovery!

Implementing the EU Services Directive

The Services Directive is due to be implemented by EU Member States from the beginning of next year. In advance of that SITPRO, in association with the Department for Business Innovation and Skills (BIS) and Clifford Chance, is hosting an important and timely conference on 7 October organised by BIP solutions. It is aimed at informing suppliers, in particular SMEs, and consumers of services what implementation of the Directive will mean for them.



Services account for 70% of UK GDP and are therefore hugely important to the national economy, especially in the present economic climate. Services are not just drivers for growth in their own right. They are also enablers that will help UK businesses to trade out of the current global economic downturn. The EU Services Directive aims to break down barriers to cross-border trade in services between countries in the EU. It will make it easier for service providers, particularly SMEs, to offer their services to customers in other EU countries whether by setting up in other Member States or by providing services remotely from wherever they are already established in the EU.

The conference will be chaired by Norman Rose (SITPRO's Chairman) and the keynote speaker is Ian Lucas MP, Minister for Business and Regulatory Reform. Other speakers include Oliver Bretz (Clifford Chance), Tina Sommer (Federation of Small Businesses), Claire Durkin (BIS) and Maria Martin-Prat (European Commission). It takes place in the Cavendish Conference Centre, London (the cost for private sector delegates is £195+VAT). You can book and find out more at www.bipsolutions.com/events/EUService09.

Taking London Global

At the beginning of June, SITPRO was among a number of organisations brought together at City Hall in London to help and encourage traders with aspirations to move their businesses into international trade. Other exhibitors at this evening event included GLE *one*London, the Institute of Export, UKTI, BIS and Google.

Following a series of useful presentations and opportunities to quiz the experts present on the opportunities and pitfalls of international expansion, the attendees were addressed by the Mayor of London, Boris Johnson, who paid tribute to the businesses ensuring that London continued to thrive even through the recession.



Flying the Flag for the UK at City Hall

WCO Opens Debate on Border Coordination

"Co-ordinated border management is the future in responding to the needs of international trade in the 21st Century." So concluded World Customs Organisation Secretary General Kunio Mukuriya at the end of a two day forum on the subject in Brussels at the end of June.

Co-ordinated Border Management (CBM) is the latest buzz phrase in international trade. The Global Facilitation Partnership (GFP) for Transportation and Trade defines it as the "organisation and supervision of border agency activities to meet the common challenge of facilitating the movement of legitimate people and goods while maintaining secure borders and meeting national legal requirements."

At its heart, it is about how the various border agencies can and should work together to clear movements of legitimate goods and people - the type of effective border agency co-ordination for which SITPRO has been pressing for many years.



The WCO forum heard from many Customs authorities with different models for how CBM has been or is being achieved in their countries. They range from collaboration and co-ordination approaches (such as the co-ordination committee in New Zealand) to integration (such the single border agency adopted in Canada and partly by the US). The establishment of the UK Border Agency puts the UK on a course towards integrated border management (or 'IBM' - not to be confused with the company of that name).

The CBM debate is likely to be around for some time, much as the single window has dominated the reform agenda over the last ten years. Clearly a key driver is more effective border management in the face of public expenditure pressures and the need for operational efficiencies. However, importantly it is also a facilitating concept, and so should be welcomed by business, as it should lead to joined up clearance, including inspections, and better shared use of data, helping to promote single window systems around the world.

Conference papers can be obtained from http://www.wcoomd.org/event_iafcbm.htm.

SITPRO's meeting at Clifford Chance (see page 1) was the last London event of the UK's 2009 World Trade Week and despite the backdrop of economic worries this turned out to be a week that celebrated all that was best about British business.

World Trade Week was devised to highlight the importance of global trade in creating jobs and growth. Over the five days, events across the country demonstrated how the UK has been taking this message to heart. Businesses were able to get advice on all matters related to world trade, ranging from finding markets to SITPRO's own

guidance on documents and procedures. In keeping with its global theme, the week's events did not end at the UK border and included meetings in key trading locations like Shanghai and New Dehli.



Stephanie Flanders interviews Lord Mandelson at the opening conference

Proceedings opened with a conference in the Merchant Taylors' Hall in London addressed by Ministers including the newly appointed First Secretary, Lord Mandelson and trade minister Gareth Thomas MP. This high level meeting, chaired by BBC economics editor Stephanie Flanders, addressed some of the issues facing policy makers in this difficult economic climate and highlighted the need for globally coordinated efforts to resist protectionist measures that would ultimately damage global trade.

However, it was not just senior politicians and business people who contributed. Schools were encouraged to take part in the week and one example was Skinners' School in Hackney whose students set up a stall trading international products at the London Stock Exchange to begin the count-down to Global Entrepreneurship Week in November and encourage others to trade around the globe.



Delegates at the opening conference address the uncertainty of the current global market

This was the first World Trade Week UK, but based on its success is unlikely to be the last and SITPRO is looking forward to helping to build on this achievement next year .

New EU Regulation on Imports of Illegal Fish

A new EU regulation, coming into force on 1 January 2010, aims to prevent, deter and eliminate the practice of Illegal, Unreported and Unregulated (IUU) fishing by enhancing the European Community's action against this serious problem.

IUU fishing remains the biggest global threat to the sustainable management of fish stocks. A recent UK study estimated that IUU fishing costs between \$9 billion and \$24 billion, across the world each year - equivalent to nearly 20% of the worldwide reported value of catches. The EU is the largest market for, and importer of fisheries products in the world, and therefore a major target for IUU operators. It is estimated that the Community imports around €1.1 billion of illegal fish products each year, often at prices that undercut the legitimate trade.

The Regulation will create new requirements for imports of fish and fisheries products entering the EU market from outside the Community. Catch certificates, to verify that fish are caught legally, must be issued by the flag state of the catching vessel. These documents must accompany the fishery product throughout the supply chain, and will be required on entry into the EU.

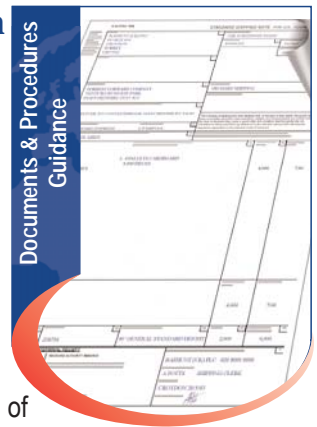
The implementation of the Regulation is being led by Defra, working with other Government departments and agencies including the Marine and Fisheries Agency, Port Health Authorities, HM Revenue and Customs, and Fisheries Authorities in Northern Ireland, Scotland and Wales.

Defra has published an information note setting out the requirements of the new Regulation, which can be found at <http://www.defra.gov.uk/marine/fisheries/conservation/illegal.htm>.

In Case of Emergency

As we highlighted in the last issue, new Export Control System provisions have now come into force. So far everything is running smoothly, but just in case technology lets us down, manual forms for ECS, ICS and Safety & Security have been made available on the European Commission website. These forms are intended to aid traders in times of Fallback and manual processing.

The forms can be found at http://ec.europa.eu/taxation_customs/resources/documents/customs/security_amendment/procedures/form_NCTS_en.xls, while explanatory guidance is available at http://ec.europa.eu/taxation_customs/customs/security_amendment/procedures/index_en.htm.



SITPRO, to Hull and Back

On 3 June 2009, Graham Bartlett (SITPRO's Policy Director) was one of a number of speakers suggesting ways in which creating an unbreakable supply chain could benefit business.

Over 60 delegates gathered at the Logistics Institute at Hull University Business School as part of Hull Business Week to hear presentations addressing current concerns such as the impact of the current economic situation on global supply chains, the risks currently in the marketplace and those that might arise in the near future. Graham's speech focussed on the development of legislation affecting trade and security, the introduction of Authorised Economic Operator schemes around the world and the prospects for mutual recognition, in particular between the EU and the US. Speaking after the event



Speakers (l-r) Professor Martin Christopher (Visiting Professor, HUBS), Graham Bartlett, Ulrike Rowbottom (UTi Worldwide Inc), David Menachof (Cass Business School), Dominic Regan (Oracle Transportation Management) and event Chair Professor David Grant (Director of the Logistics Institute)

Graham said that he was delighted to have been invited to speak at such a well attended seminar. Professor David Grant, Chair for the day, agreed that the event had been a great success with much positive feedback from the delegates. It was obvious he said that the safety and security of supply chains was vital to the future of business.

For more information about the Logistics Institute at Hull University Business School visit www.hull.ac.uk/hubs/logistics.



AEO Mutual Recognition for East Africa

Five East African countries are aiming to implement the first mutually recognised Authorised Economic Operator models in Africa and one of the first in the world. Working through the World Customs Organisation (WCO) East African Community Customs modernisation project, Burundi, Kenya, Rwanda, Tanzania and Uganda are hoping to transform Customs administrations in the region and make East Africa an investment destination of choice.



SITPRO has been pleased to work with the East African business community in recent years. Businesses in the region place particular importance on fast track clearance procedures for trusted traders and customs modernisation is seen as a key priority in the quest for economic development and make the regional trade competitiveness.



Q. I am a photographer from the USA currently working in the UK. I used an ATA carnet to bring my four cameras into the UK but have since received a sale offer for one of the cameras. I was not intending to sell the camera when I left the States but it's a good offer and I don't want to turn it down. If I go ahead with the sale, what action should I take in respect of my carnet?

A. The ATA carnet is an international customs document (a passport for goods in colloquial use) presented to customs each time goods enter or leave a country. It allows goods to be temporarily imported without payment of customs charges for up to one year. The carnet allows free movement of goods across frontiers and covers their temporary admission into a country with relief from customs duties, excise, duty and VAT.

If you present the carnet at the UK border with only three of your four cameras with you, you will need to explain why you no longer intend to re-export the goods and complete a normal customs declaration to pay the import duties due. For this, you will need to complete an entry on Form C88 (Single Administrative Document) quoting CPC 30 53 00, which will account for the payment of the customs duty and import VAT due. These charges will be based on the value of the goods under the normal UK valuation rules. This entry, together with the ATA carnet covering the goods, should then be sent to the HMRC National Carnet Unit, 1st floor, Queen's Dock, Liverpool L74 4AG (Tel: 0151 703 1368). They will endorse the declaration for you and the relevant sections of the ATA carnet and return a copy of the declaration with the carnet to you.

This is an extraordinary occurrence in that there was not an intention to sell the camera at the time of import. However, it should be noted that if a trader is found to regularly divert goods entered on a carnet, HMRC will refuse to accept the use of carnets for any future imports made. If this happens they will be required to submit a full customs declaration on Form C88.

Editor:

Paul Hiscock
paul.hiscock@sitpro.org.uk

With assistance from:

The SITPRO staff and CSG

Printing and Distribution:

Four Colour Print Services Limited

The Staff @ SITPRO

Malcolm McKinnon	Chief Executive
Graham Bartlett	Director, Policy
Shondeep Banerji	Deputy Director, Policy and Capacity Building
Sue Bravery	Deputy Director, e-Business & Technical Standards
Sanjay Sharma	Accountant
Paul Hiscock	Head of Communications
John Nightingale	Senior Policy Adviser
Aileen Prendergast	International Trade Adviser
Nina Wilkins	International Trade Adviser
Stobhan Aarons	Policy and Research Manager

Disclaimer

Whilst every effort is made to ensure that the information given herein is accurate, SITPRO Ltd. accepts no legal responsibility for any views expressed or implied or for any errors, omissions or misleading statements in that information caused by negligence or otherwise.