

# SITPRO NEWS

*Trade Facilitation Now!*

Issue 71, Winter 2009/2010

## In this issue...

- Modernising the  
Customs Code ..... page 1
- CEO Perspective from  
Malcolm McKinnon
- Editor's Notes:  
Weather Warning ..... page 2
- Past Successes and New  
Challenges at 100th  
PBG Meeting ..... page 3
- Experts Gather to Discuss Education  
ALVS System Goes Live. . . . page 4
- EUROPRO: The Voice of  
Trade Facilitation  
in Brussels ..... page 5
- WTO Publishes Consolidated Trade  
Facilitation Text
- Explaining the Rotterdam  
Rules ..... page 6
- Reviewing Trade Burdens:  
The Next Steps
- Michel Danet ..... page 7
- SITPRO Solutions: EX1 . . . . page 8

## Modernising The Customs Code

The European Customs Code, which has been around since the early 1990s, is being replaced with more up to date legislation. This will take into account harmonisation of processes across the European Customs Union and developments in IT. The Modernised Customs Code (MCC) and its Implementing Provisions (MCCIPs) will set the EU Customs scene for the next 20 years or so.

The MCC came into force in 2008 and has to be implemented by Member States by 24 June 2013. Before then there is a large amount of work to accomplish if it is to meet its stated aims of creating of a new electronic Customs environment, facilitating trade whilst also guaranteeing a high level of border security and streamlining Customs procedures. Discussions are currently underway on the MCCIPs that will give the Code force by giving detail to the provisions, and on the necessary supporting IT projects.

The MCCIPs will introduce many changes that will impact on traders across Europe, including UK businesses. In order to help traders understand the current discussions, SITPRO has prepared a summary paper together with a number of detailed briefs on the issues and questions raised. This information, together with useful background information from the European Commission, can be found on the SITPRO website at [www.sitpro.org.uk/mcc](http://www.sitpro.org.uk/mcc).

SITPRO has consulted with traders in the UK in order to ensure that their views are represented in the European Commission's recent brief consultation. Although the consultation period is now over, the work to develop the MCCIPs continues. SITPRO will continue to contribute to these discussions in order to ensure that the needs of business are given due consideration. If you have any comments on the proposals, you can email them to [mcc@sitpro.org.uk](mailto:mcc@sitpro.org.uk).

  
**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](mailto:info@sitpro.org.uk)  
Website: [www.sitpro.org.uk](http://www.sitpro.org.uk)

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

## CEO Perspective

We move into our 40th year with an agenda teeming with trade facilitation. It is a year when SITPRO's role is as strong as it has ever been. Here in the UK, SITPRO begins its task of co-ordinating government policy on border freight management as secretariat to the new International Trade Facilitation Committee. The first meeting this year has a packed agenda of issues from our review of trade burdens.



At the European level, the year has begun with a key consultation with business by the European Commission on its draft Modernised Customs Code Implementing Provisions ("MCCIPs"). The 800 page draft, supported by a series of workshops, has provided the basis for a month of intense trader consultations. SITPRO has produced a simplified guide, drawing out what it sees as the key issues, and is collating inputs from UK trade bodies and individual traders. This is also a subject at the top of the agenda of the now revitalised EUROPRO, a body for which SITPRO provides its secretariat.

At a global level, at the end of 2009 the WTO published a draft consolidated negotiating text for a possible trade facilitation agreement in the Doha round of trade negotiations. Littered with square brackets at this stage, it is a text where we expect to see convergence during 2010. Business organisations are now considering how best to respond.

SITPRO is determined to make its 40th year one which is full of achievement. We want to have our cake and eat it!

## Weather Warning

The last few months have seen more than their fair share of disruptions. The snow arrived before Christmas (and seemed to fall on every day apart from 25 December) and just as everyone was prepared to go back to work in January it struck again. For school children this was a chance for an extra holiday, but for the rest of us it was an extra complication that business could have done without.

One of the major messages from our consultation last year was that businesses need procedures to be implemented consistently - the unexpected costs money. Whether it is current practices in ports or the implementation of the new procedures, SITPRO is working to provide this consistency for traders, even if we can't control the weather!

A yellow rectangular sticky note with a folded bottom-left corner, containing the text "Editor's Notes" in a black, handwritten-style font.

## Past Successes and New Challenges at 100th PBG Meeting

In February the Ports and Borders Group (PBG) gathered for its 100th meeting aboard HQS Wellington. SITPRO acknowledged this landmark occasion, as well as the start of its 40th anniversary year, by inviting members of other key stakeholder groups and past and present PBG members to hear about the outcome of the review of UK trade burdens and how SITPRO would be working with businesses and government departments to implement the government's new action plan.



Kevin Franklin

Kevin Costelloe, Deputy Director of Excise, Customs, Stamps and Money at HMRC, opened proceedings with a keynote overview of customs strategy, focussing on the challenges arising from border management, frontier security, CHIEF transition, implementation of the Modernised Customs Code and the need to accommodate a reduction in public spending. Kevin Franklin, formerly Director of Trade Procedures at SITPRO and now Director of the Border Transformation Group at UKBA, recalled that the 1996 SITPRO Review of Port Procedures had called for a single border agency and spoke of UKBA's role to provide a consolidated approach to border management.

SITPRO's Chairman, Norman Rose, told participants how the government had set itself the task of addressing many issues of concern to the PBG including improving the co-ordination of border agencies and their interaction with port users, providing effective delivery of the International Trade Single Window and improving consistency of decisions by port health authorities. Malcolm McKinnon, SITPRO's Chief Executive, explained how the role of the Advisory Council will be enhanced, making it a sounding board for trade-derived issues to be considered by the new International Trade Facilitation Committee. He emphasised that SITPRO's Advisory Groups would be required to break the ground with new issues and ideas for improving UK border management for goods. He also announced that at the local level SITPRO intended to make more use of port user communities to improve border agency co-ordination at all the UK's major ports.



Bob Ingram

However, this was also a time for celebrating the success of SITPRO's most enduring stakeholder group. Former PBG Chairmen Bob Ingram (1990-96) and Brian Atkinson (1997-2007) both highlighted how the keys to the past and future success of the PBG were the commitment of members to engage with SITPRO in driving the issues forward combined with a strong lead and efficient secretariat from SITPRO.

## Experts Gather to Discuss Education

At the beginning of February, SITPRO and Skills for Logistics brought together experts representing the wide range of education service providers operating in the UK. This was the first meeting to discuss how to deliver the measures outlined in the Government's action plan to promote international trade as a career path (see last issue).

The group considered what students might need to learn while studying international trade and how best to promote courses to the next generation of business people. A wide range of teaching options were discussed including the International Trade and Logistics Operations NVQ qualifications currently being developed, professional qualifications within the sector and short courses tackling specific skills and procedures. The discussion established a number of actions designed to help further the work.

SITPRO pledged to continue its work on non-partisan promotion of education and training in international trade, acting as a facilitator and coordinator of the promotion of international trade education. In addition to working with service providers, SITPRO will engage with industry and logistics providers in this work in order to identify the skills and qualifications they would like prospective employees to have and enlist their support in the promotion of these career options. If you would like more information or to become involved, please email [education@sitpro.org.uk](mailto:education@sitpro.org.uk).

## ALVS System Goes Live

The new Automatic Licence Verification System (ALVS) which will reduce customs clearance times and paperwork for companies importing flowers, plants, fruit and vegetables into England and Wales from outside the EU, was launched on 16 February. Defra and HMRC have been running an extended live pilot of ALVS since March 2009. Many traders who volunteered to pilot the system have provided very positive feedback.

With ALVS customs clearance times will be reduced from 2 hours to approximately 10 minutes as it electronically links HMRC's 'CHIEF' and RPA and FERA's 'PEACH' systems. The introduction of ALVS also means that companies will no longer need to fax Conformity and Quarantine Release Certificates to HMRC's National Clearance Hub for physical checks. Quick ALVS customs clearance will occur when Document Unique Consignment Reference, weight and commodity codes entered on the customs declaration exactly match the details entered onto the associated PEACH application.

Further information is at <http://www.fera.defra.gov.uk/plants/plantHealth/imports/alvs.cfm>.

# Reviewing Trade Burdens: The Next Steps

The business response to last year's consultation exercise was excellent and SITPRO is now in the process of addressing the issues that were raised and highlighted for action in the Government's action plan *Simplifying Trade Across UK Borders* (as featured last issue). Part of this process will involve visiting stakeholders including businesses, trade associations and other organisations who responded and contributed, to update them on the progress of projects to tackle the international trade burdens discovered by the review, seeking their participation in these workstreams and asking them what needs to be tackled next. SITPRO also hopes to meet other companies who have not yet played an active role in the trade facilitation debate, but might have a valuable contribution to make.

Although the consultation is over, international trade does not stand still and new problems continue to emerge. SITPRO wants to receive regular input from business on how red tape can be reduced and how the international trade process can be simplified. Government departments are already working together through the International Trade Facilitation Committee, which met for the first time in December, and your feedback through SITPRO will help to ensure that this body continues to address the issues that are of greatest concern to UK business.

If you would like to get in touch about any issue that is hindering your ability to trade internationally, or any new procedures which have a negative impact on your business, you can contact us any time either by:

- Writing your concerns on the postage paid card attached to this page and sending it back to us; or
- Emailing us at [tradeburdens@sitpro.org.uk](mailto:tradeburdens@sitpro.org.uk)

## Michel Danet

We at SITPRO were saddened to learn of the passing of Michel Danet, the former Secretary General of the World Customs Organisation. He understood the importance of trade facilitation and of the relationship between Customs and business, and was always encouraging to those organisations like SITPRO that gave their opinions from the back of the room. As an original member of the Private Sector Consultative Group, SITPRO, like others in the group, is deeply indebted to him for his role in its creation. Our thoughts are with his family and his friends and colleagues in the WCO Secretariat and customs administrations around the world.



Michel Danet

## WTO Publishes Consolidated Trade Facilitation Text

The World Trade Organisation has published the first draft consolidated negotiating text of a possible WTO agreement on trade facilitation. The draft agreement, published just before Christmas 2009, runs to sixteen articles, covering such issues as publication of and consultation on new national rules on import, export or transit procedures for goods; advance rulings and appeals procedures; fees and charges; release and clearance of goods; border agency co-ordination; formalities and freedom of transit.

The text is being negotiated as part of the WTO's Doha Development Agenda. It is currently a consolidation of various proposals tabled by developed and developing member countries and includes a large number of square bracketed pieces of text, representing areas where convergence has not yet been reached. The negotiating process throughout this year is expected to reduce these through successive rounds of negotiations.

WTO Director-General Pascal Lamy has commented, "This provides us, for the first time, with a clear picture of what the new agreement will contain. Much still remains to be done in the next months to move this draft towards a consensus document."

The consolidated text is available at <http://docsonline.wto.org/>, quoting document symbol TN/TF/W/165.

### Explaining the Rotterdam Rules

Prior to the start of the Department of Transport's formal consultation on United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea, known as the Rotterdam Rules, (as described in the last issue) SITPRO has published a detailed guide to the issues which they raise.

The Rotterdam Rules aim to encourage harmonisation across the multi-faceted and global trading environment of the 21st century, but their efficacy has proved to be a matter of much debate within the trading community. SITPRO's guide sets out the arguments for and against them so that traders can make an informed assessment of the potential impact on their businesses.

The guide is available to be downloaded in PDF format from the SITPRO website at [www.sitpro.org.uk/rotterdamrules](http://www.sitpro.org.uk/rotterdamrules).

# EUROPRO: The Voice of Trade Facilitation in Brussels

In the UK, SITPRO is the champion of trade facilitation, but when it comes to European developments the voice of just one nation is not enough. Therefore, trade facilitation bodies around Europe come together under the EUROPRO umbrella to add weight to what they can do independently to influence policy development and implementation in Brussels.



increasingly active as part of EUROPRO.

EUROPRO works closely with other European business organisations to coordinate activity and ensure that the views of the trade are heard in international trade discussions in Europe. Recent debates about the Modernised Customs Code and its Implementing Provisions (see page 1) have galvanised the national trade facilitation organisations, and a number of other invited like minded organisations, to become

At its meeting in November were representatives from France, Norway, Finland, Germany, Croatia, Iceland, EFTA, Sweden and the UK. Indeed, EUROPRO now has members in 20 countries around Europe. There has been continuous contact between members of the network at a virtual level in recent years, but due to the heightened level of interest in and importance of EUROPRO the way the organisation works is changing. The frequency of meetings is increasing significantly and EUROPRO's mission statement and terms of reference are being updated.

The UK and Sweden continue to play a prominent role in EUROPRO. At its last meeting its long standing and well known chair, Christina Rahlen, stood down following her retirement from SWEPRO and the Swedish Ministry of Foreign Affairs. Her replacement as EUROPRO chair is expected to be elected at the next meeting in March.

SITPRO continues as Secretary to the group providing it with direct access to the European Commission through the Trade Contact Group (TCG), as well as the Electronic Customs Group (ECG) and Customs Code Committee sub-groups.

Further information about EUROPRO activities will appear in future editions of SITPRO News, including a report on the March meeting in the next issue.

**Q:** I recently sent a package to a freight forwarder in Germany for onward shipment to our customer in Ukraine. The forwarder has now asked for an EX1. Where can I obtain a copy of this form?

**A:** The EX1 is not so much a form as a document that is generated by the customs clearance procedure for the export of goods from an EU member state, in this instance from the UK. The EX1, now known as the EAD (Export Accompanying Document) is the proof that the goods have been declared for export. Although you have been requested by your customer to send the goods to Germany, they are for onward shipment to a country outside the EU. They therefore constitute a UK export and as such should have been declared to Customs in the UK before being shipped to Germany. As you are now trying to remedy the situation after the event there are three possible courses of action for you to take.

The first is to contact the freight forwarder and explain that the goods were not declared to Customs prior to leaving the UK and therefore an EAD was not raised. You should ask if they could clear the goods via German customs under the terms of article 791 of Commission Regulation 2454 which makes provision for goods to be declared for export in another member state "where there are duly justified good reasons." You are reliant here on both the forwarder and German customs agreeing to this, which they may not do.

The second option is to contact a customs agent here in the UK and ask them to try and make a retrospective entry on your behalf. The third option is to submit a copy of the C88 ESS (also known as the Single Administrative Document) to the National Clearance Hub. This should be accompanied by a letter explaining the situation, requesting that they consider your manual C88 for entry to the CHIEF system and asking for a copy of the EAD. Please note that Customs can request that the goods be returned to the UK first.

The C88 can be found on the HMRC website ([www.hmrc.org.uk](http://www.hmrc.org.uk)) under "Forms". The NCH address is: HMRC National Clearance Hub, Custom House, Furness Quay, Salford M50 3ZZ.

**Editor:**  
Paul Hiscock  
[paul.hiscock@sitpro.org.uk](mailto: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
Siobhan 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.