

SITPRO

Simplifying International Trade

Review of Port Procedures Consultative Document

SITPRO is undertaking a review of procedures at UK sea ports, airports, the Channel Tunnel and inland clearance depots for the international and intra-EU movement of goods.

SITPRO last carried out such a review in 1997 and much has changed in the intervening time. The aim of this new review is to provide an overview of the current regulatory framework and its attendant procedures and to assess their impact on trade.

Whether you are a port operator, port user, trader or trade association, we should be grateful for your views on each of the questions you consider pertinent to your operations.

The consultation document can be downloaded from the SITPRO website at <http://www.sitpro.org.uk/questionnaires/ports09.html> as a PDF document. The response form is available in MS Word or PDF format to be completed electronically or manually. Responses should be emailed or posted to:

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**Responses should be sent so as to be received by SITPRO no later than
Tuesday 31 March 2009**

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Glossary

ADR	European Agreement concerning the International Carriage of Dangerous Goods by Road
AEO	Authorised Economic Operator
ALV	Automatic Licence Verification
ALVS	Automatic Licence Verification System
BIP	Border Inspection Post
BERR	Business Enterprise and Regulatory Reform (aka the Department for Business, formerly DTI)
CAP	Common Agricultural Policy
CTA	Common Transit Area
CFSP	Customs Freight Simplified Procedures
C-TPAT	Customs and Trade Partnership Against Terrorism
CVED	Common Veterinary Entry Document
DEFRA	Department for the Environment, Food and Rural Affairs
DGN	Dangerous Goods Note
DGSA	Dangerous Goods Safety Adviser
DTI	Department of Trade and Industry (now BERR)
ECO	Export Control Organisation
ECS	Export Control System
EEC	European Economic Community
ICS	Import Control System
EORI	Economic Operator Registration Identity
EPU	Entry Processing Unit
HM C & E	HM Customs and Excise (now HMRC)
HMG	Her Majesty's Government
HMRC	HM Revenue and Customs (formerly HM C&E)
IBEA	Intervention Board Executive Agency

ICS	Import Control System
IMDG	International Maritime Dangerous Goods Code
MAFF	Ministry of Agriculture, Fisheries and Food, now the Department for the Environment, Food and Rural Affairs
LCP	Local Clearance Procedure
MASP	Multi Annual Strategic Plan
MCC	Modernised Customs Code
NCH	National Clearance Hub
PEACH	Common Veterinary Entry Document
PHA	Port health Authority
POAO	Products of Animal Origin
SAFE Framework	WCO Framework of Standards to Secure and Facilitate Global Trade
SLA	Service Level Agreement
SPIRE	IT-enabled business change project to provide a single web-based portal for licence applications, rating enquiries and OGL registrations, and allow for electronic export licences to be issued. Replaces ELVIS, OLLIE, disk and paper-based methods of applying.
TRACES	Trade Control and Expert System
UKBA	United Kingdom Border Agency
VOSA	Vehicle Operating Services Agency
WCO	World Customs Organisation
10 + 2	Filing in advance of information relating to imports to the USA

Executive Summary

SITPRO, the UK's trade facilitation body (a non-departmental public body principally funded by the Department for Business, Enterprise and Regulatory Reform – BERR), was established in 1970 to simplify international trade. Much of its work in that time has focused upon improving the procedures at ports and borders, such as improving the arrangements for inspecting goods at the border and streamlining the submission of data to government. SITPRO works at national, European and international levels.

In 1997 SITPRO undertook a review of port procedures in the UK ports and airports and the Channel Tunnel. This stemmed from concerns amongst traders that despite the advent of the European Single Market, new official requirements had since created new barriers to trade. It produced 22 recommendations, some of which have been implemented and others overtaken by events. But many of the underlying concerns still exist.

The report was influential in that it highlighted the trend towards “bureaucratic creep” and contributed to the more co-ordinated and consultative environment in which international trade in the UK operates today. It also did much to encourage the move towards paperless trade.

In the period since the review was conducted the world has changed considerably. The events of 11 September 2001 in particular changed attitudes towards border and international supply chain security, and this has driven many of the new border procedures that are being implemented today. Indeed, there has been a proliferation of procedures pertaining to both the international and intra-EU movement of goods. A recent study¹ published by SITPRO identified 37 security themed procedures and controls in UK trade operations, which the study described as a veritable “security spaghetti”.

But a vast array of other measures and controls also have impacts on the ability of UK traders to trade internationally. There is no authoritative guide to these procedures and individual control agencies tend to focus on their own requirements. Without a guide to current procedures it is difficult for regulators to scope the extent of the procedural burden and therefore to cost it. One aim of this new review in 2009 is to enable SITPRO to provide an analysis of the regulatory environment as it is today and to determine what changes are needed to better facilitate trade with the UK.

We were already planning to launch a 10th anniversary review of port procedures. Two related developments in 2008 have broadened the scope of the work that SITPRO will be undertaking in this area in 2009.

The first was the interest by the Government in the World Bank's annual *Doing Business Reports*. The 2009 report ranks the UK as the 28th easiest country out of the 180 countries studied to trade with across borders, even though the UK gets an overall ranking of 6th. Part of the reasons for this – which are based on survey returns submitted by traders – are their conclusion that it takes on average 7 days to complete four key documents for export and import: the packing list, commercial invoice, bill of lading and customs declaration. Adding to this their estimate of 2 days for inland transport, another 2 days for Customs clearance and a further 2 days for port handling procedures, they estimate a total of 13 days to export, or import, an average full 20ft container load. This compares with 7 days for Germany, 6 for the US and 11 for France.

¹ <http://www.sitpro.org.uk/policy/security/initiatives0108.pdf>

Although SITPRO's informal consultations this autumn, including a brief on-line survey issued in December, suggest that these estimates are incorrect, the World Bank report remains in the public domain. It has therefore spurred the Government into considering the cost to UK business of international trade regulation, culminating in the following provision in the 2008 Pre-Budget Report:

“International trade represents a significant proportion of GDP and it is crucial that domestic trade regulation is as easy to comply with as possible, in order for UK based firms to remain internationally competitive. The Government will take forward a Department for Business, Enterprise & Regulatory Reform and HMRC led work programme to review the cost to business of complying with international trade regulation and put forward an action plan alongside the 2009 Pre-Budget Report setting out how it will reduce costs to business.”

SITPRO welcomes this and has been asked to play a leading role in this review. We will shortly be launching a second consultation focusing specifically on identifying proposals that could feature in the 2009 action plan.

SITPRO's review of port procedures and the Government's review into the cost of complying with international trade regulation are clearly linked, and the results obtained from the consultation on which the present document focuses will be used as far as possible in the second review.

Our aim is to produce a SITPRO report by early summer 2009 setting out the results of this consultation on port procedures, which will aim to set an agenda for SITPRO's influence in this area over the next 5-10 years.

Part 1: The 1997 Review

Background

In 1997 SITPRO undertook a review of procedures at UK ports and airports and the Channel Tunnel. The origins of the review stemmed from discussions amongst traders represented on SITPRO's Port Procedures Policy Group (PPPG) that while there had been marked improvements in the flow of goods through ports since the advent of the European Single Market, new official requirements, as well as departmental reorganisations, had created new barriers to trade and/or affected procedures in ports and airports.

The review confirmed that despite the advent of the European Single Market and the reduced presence of Customs, other official organisations were using the internal frontier to carry out controls systematically, without challenge and without demonstrating that the controls were necessary, proportionate or effective before introducing them.

As far as third country movements were concerned, the report found that the range of national official requirements was increasingly being implemented in a non-standardised manner. It was also noted that lack of co-ordination and information sharing among the various government agencies operating at the frontier meant duplication of effort and therefore additional costs and time delays.

The report made a number of recommendations including the creation of a single lead body under which all official controls and agencies could be grouped, providing a single point of contact for traders; greater co-ordination between Customs and Port Health Authorities - the two leading agencies involved in the clearance of goods/live animals; a move away from internal frontiers used as a systematic point for undertaking purely national checks; and computerisation of manual and paper-based documentary procedures. A full list of recommendations can be found at Annex B to this document.

The 1997 review is available at www.sitpro.org.uk/1997portsreview. For those without Internet, hard copies may be requested from Aileen Prendergast at the address on page 1.

General recommendations

The *SITPRO Review of Port Procedures 1996/97* focused its review on three areas:

- Non-EU movements
- Intra-EU movements
- Security

The 1997 review made two broad recommendations:

- the co-ordination of official controls and other agency functions under a single lead body;
- as part of the then review by HM Customs & Excise, an urgent review of the provisions of the Customs & Excise Management Act 1979 regarding the approval of ports, inland clearance depots and wharves, including intra-EU impacts.

Recommendations on non-EU movements

The review focused most of its recommendations on non-EU movements. Broadly, it recommended:

- a review of decision-making at a local collection level within HM Customs;
- removal or simplification of separate collection of statistics from freeports;
- adoption of audit-based controls at traders' premises where possible for all official intervention;
- trading standards checks incorporated within HM Customs risk-based controls;
- rationalisation of the various Port Health Authority (PHA) systems for animal health movements;
- alignment of all port health procedures with Customs and other agencies;
- removal of the separate EU veterinary entry document (CVED) requirement;
- establishment of links between animal quarantine stations and port and airport inventory systems;
- incorporation of Forestry Authority information requirements into the port inventory system;
- standardisation and harmonisation of the provisions for dangerous goods requirements with UN/ECE Recommendation 11 "Documentary Aspects of the International Transport of Dangerous Goods";
- a simpler audit by Trinity House of collection of light dues through registered agents;
- linkage of other Departments' export/import licensing processes with HM Customs' CHIEF system;
- standardisation of the various Direct Trader Input providers in the UK with common outputs and a national network linking all UK ports;
- computerisation of current documentary procedures which are manual and paper based at the earliest opportunity in order to remove all requirements for the presentation of paper declarations;
- where paper documents are required, alignment with the UK aligned system of documents (based on the UN Layout Key).

Recommendations on intra-EU movements

In this area, the 1997 recommendations were:

- introduction of a risk assessment system of selection by HM Immigration Service and removal of the systematic need to show a passport for those accompanying an intra-Community freight service;
- a review by HM Customs of the procedures for Channel Tunnel Rail Freight movements and the single Port of Entry and Willesden/Wembley;
- review of the Border Inspection Post procedures for products of animal origin that arrive at UK terminals from third countries on services from EU ports, in order to allow such consignments to be examined and cleared by the local health authority at destination;
- cessation of using internal frontiers as a systematic point for undertaking purely national checks, which should be done anywhere throughout the UK as permitted by EU legislation.

Border security

The 1997 report preceded the major changes to border security that followed the terrorist attacks on the US on 11 September 2001. At the time of our last review, the main security issue concerned the Channel Tunnel, which had opened only in 1995. The review made one recommendation:

- Establishment of a consultative group to ensure that the implementation of the Aviation and Maritime Security Act 1990 and the Channel Tunnel (Security) Order 1994 was proportionate, least burdensome on the UK's international trade, and effective.

Resolved issues (?)

A number of the issues highlighted in the report were subsequently resolved and these are not included in the new review as it is felt that they are no longer relevant. They were:

- Collection of statistics from freeports
- Trading standards checks
- Trinity House audit of collection of light dues
- Paper document alignment
- Procedures for Channel Tunnel Rail Freight movements

However, if you feel that there are still issues that this review should consider, **please send us your comments.**

Part 2: The 2009 Review

The National Environment

HMRC Procedures

a) The Customs and Excise Management Act (CEMA)

1997 Recommendation: As part of the ongoing review of HM Customs legislation (the Customs & Excise Management Act 1979), the provisions regarding the approval of ports, inland clearance depots and wharves should be reviewed within the next 24 months with particular reference to the ongoing requirement within the Single Market for approval for purely intra-Community ports/facilities. The PPPG² would wish to contribute to the review.

Since the last report, HM C&E has updated the CEMA to include trade simplification schemes.

Following HM C&E's merger with Inland Revenue, the new HMRC inherited ring-fenced legislation for the taxes it administers. Many taxpayers interact with HMRC across a range of taxes, but the regimes within which they do so differ significantly in design and effectiveness. The current review of HMRC's powers, deterrents and safeguards provides an opportunity to modernise areas that are not working well, such as the lack of focus on promoting behaviours that support compliance, and to address the extra cost burdens on the trade.

As part of this process, HMRC are now looking to overhaul the legislation for CEMA rather than just reviewing it. The main driver behind this initiative was that some of the language in the present act had originated in 1876 and the creation of the UK Border Agency (UKBA) has required new legislation to be drafted.

Currently, we understand that it is intended to have new CEMA legislation in place by 2012.

Questions

1. How is your business affected by CEMA?
2. What issues with CEMA would you like to be addressed during the overhaul?

² SITPRO's Port Procedures Policy Group, now its Ports and Borders Advisory Group

b) Decision-making at a local collection level within HM Customs

1997 Recommendation: Reconsideration should be given to the scope of decision making at a local Collection level within HM Customs. The commercial implications of decisions being made at a local level should be scrutinised before implementation and subsequently monitored.

Since the creation of the Single Market in 1993 substantial restructuring of Customs had led to a greater decision-making activity at local level. This had resulted in some variation in interpretation of legislation and differing requirements at ports. This in turn had had a negative effect on commercial activity, for example on the differing levels of scrutiny of goods, leading to diversions of traffic.

Ten years ago HM Customs & Excise was organised on a regional basis known traditionally as Collections, with each Collection broadly managing its own affairs. Under a major restructuring in 2000, the Collection format was withdrawn in favour of a national business unit approach. In April 2005, HM Customs and Excise merged with the Inland Revenue creating a new Department, HM Revenue & Customs (HMRC).

Within HMRC, Customs and International are now responsible for policy and processes relating to the movement of goods at the frontier. Their primary objective is to combat risks relating to the fiscal, economic, physical, health and social areas connected to imports, exports and movements under Customs control. Balanced against these growing risks is the need to support the UK in maintaining its position in the global market as a preferred place to do business. UK-related international trade enquiries are dealt with centrally through the National Advice Service which provides call centre facilities to the public.

HMRC deliver their international trade responsibilities through their officers at ports/airports and inland offices. Areas of work are diverse and cover scanning for radioactive materials, intercepting drug consignments and preventing the spread of Avian Influenza to ensuring that the correct amount of Customs Duty, Excise and Import VAT on legitimate traffic. HMRC currently handles in excess of 22 million entries, valued at around £17 billion a year.

In 2007 all Entry Processing Units (EPUs) at ports and airports were centralised into one National Clearance Hub at Salford. According to HMRC the purpose was to move HMRC international trade non-location-critical activities away from traditional frontier locations in order to provide improved levels of service, such as 24 hours a day, 365 days a year, and consistency of treatment to the trade across the UK. NCH responsibilities include the processing of:

- all import and export entries selected for further checks
- the inputting of manual import and export entries
- the inputting of manual requests for export arrival and departure loading information
- controlling un-entered goods for inventory linked ports and airports
- authorising and amending inventory records and removals.

Following centralisation concerns continued to exist about activities remaining at the port such as verification and stamping of documents such as licences and ATA carnets. All documents had to be faxed to the NCH and there were issues regarding validity of stamped faxed documents. As the presence of international trade customs officers had declined or disappeared with the move to the NCH, Detection customs officers were left with the task of carrying out certain of their duties. This was unsatisfactory for both the trade and Detection as location of premises and opening hours changed and officers were not always available due to the need for them to carry out their own duties.

Agreements were finally reached and working arrangements put in place when the creation of the United Kingdom Border Agency (UKBA) was announced. The Detection side of HMRC is now to be consolidated into this new agency. UKBA will have service level agreements (SLAs) with the different regions and this has once again given rise to concerns about non-standard practices.

Questions

- 3. Based on your experience, what kind of benefits has the creation of HMRC given international traders in the UK?**
- 4. Based on your experience has the creation of HMRC led to increased burdens for international traders in the UK? Please give examples.**
- 5. Is the creation of the NCH meeting your business needs?**
- 6. With regard to procedures remaining at the frontier, have you experienced variations between one location and another? Please give examples and state the impact, if any, on your business operations.**
- 7. Where would you go to obtain advice on Customs matters?**
- 8. Do you think that when you contact HMRC your requirements are fully understood and you receive a satisfactory service? Please give examples of the type of issues about which you have contacted HMRC and the time spent reaching a satisfactory conclusion.**
- 9. What are your concerns with regard to the future of customs and international work within the organisation of HMRC?**

c) Audit-based controls at traders' premises

1997 Recommendation: It is recommended that HM Customs' policy of moving away from transaction based controls at ports to audit based controls at traders' premises should be adopted where possible for all official intervention, as the corner stone of a national trade facilitation strategy.

The review noted that at the time that it was part of Customs' strategy to introduce audit based controls at traders' premises and use traders' or their agents' own commercial records. It was anticipated that as these controls would take place away from the frontier, they would relieve the pressure on commercial procedures in the ports and airports. As a consequence it was envisaged that the prime Customs functions undertaken at frontiers would be anti-smuggling controls with some provision for residual import and export clearance.

Today Customs Frontier Simplified Procedures (CFSP) account for 80% of imports by volume (as opposed to value). Certain goods such as live animals and drugs do not qualify for CFSP. Traders must be registered to use CFSP which works electronically. Customs carry out audits to check that operators are using the system properly and paying the right amount of duty and tax. A Simplified Frontier Declaration (SFD) submitted to CHIEF speeds up release of the goods and is followed by a full Supplementary Declaration at later date. Once cleared for release goods can be moved inland to designated premises where they can be stored temporarily and then examined under the local clearance procedure (LCP).

It is anticipated that with the implementation of the Import Control System (ICS) under the European Union Modernised Customs Code, the use of CFSP will diminish as traders will have to submit a summary declaration at entry to the EU or the UK. The amount of information required in the summary declaration may make CFSP less attractive. HMRC plan to continue to offer it until such time as it is no longer required.

Questions

10. How do you anticipate the introduction of ICS will affect the use of CFSP?
11. Based on your experience, what comments do you have on the technical competence of visiting HMRC staff to carry out audits?
12. What changes if any have you had to make to your systems to allow Customs access to additional data that they previously could not see?
13. What is your experience of hosting post audit controls and what are the issues for a trader?
14. What changes if any have you had to make to your business procedures in order to comply with the conditions of the auditor as a result of the findings of the audit?

DEFRA Procedures

The Department for Environment, Food and Rural Affairs (Defra, formerly the Ministry of Agriculture, Fisheries and Food - MAFF) is responsible for controls on imports of live animals, products of animal origin (POAO), plants and seeds, fruit and vegetables and other related products. Controls are prescribed by EU Directives and are carried out by various agencies of Defra. Before goods can be cleared and released through CHIEF by Customs they must first be cleared for release by Defra. The 1997 review focused on controls carried out by the Port Health Authorities (PHA) for products of animal origin (POAO) and on Forestry Association (now the Forestry Commission) controls for importations of wood and plants. The following recommendations were made:

a) Port Health Procedures (products of animal origin and live animals)

1997 Recommendations:

- **The various Port Health Authorities (PHA) who act as the inspection agency for MAFF (animal health) should, following best practice, and together with MAFF, develop systems linked to the current port inventories. These systems should automatically pre-advise consignments that must be stopped for port health checks and enable the importer or his representative to transmit information to the PHA. In smaller ports, or those where local Port Health resources are limited, then manual based systems should be rationalised and integrated with other official requirements.**
- **All port health procedures should be aligned with Customs and other agencies and declarants should not have to lodge information with the PHA separately.**
- **SITPRO, through MAFF and the EUROPRO, should propose changes to EU legislation for the veterinary entry document (CVED) requirement to be discontinued with reliance placed instead on the health certificate and other available information. During the interim the layout of the CVED should conform with the UK aligned system of documents (based on the UN Layout Key).**
- **Animal quarantine stations should be provided with links into the port or airport inventory system, enabling them to monitor selected consignments automatically and to inform HM Customs and/or agents when checks have been completed.**

At the time of the 1997 review controls were undertaken on the basis of paper documents which had to be inspected and stamped to enable goods to leave the port area. With the exception of some ports connected to the Felixstowe port inventory system which benefited from a computerised link, goods were identified for inspection by manually scanning paper manifests. Procedures for contacting the port, Customs and agents generally involved the use of telephone, telex or the port inventory system. The procedures were seen as inefficient and as creating additional burdens for both traders and port health staff.

Moreover, a key document, the veterinary entry document (CVED), was in itself problematic and bureaucratic. Prepared by the importer or his agent, it replicated nearly all of the information on the health certificate issued in the country of export to accompany the goods to their destination. It was also not dissimilar to the customs entry. The document varied from port to port and was generally manually completed with consequent endemic error rates and higher documentation costs. Overall the review found that port health was one of the significant areas of official control that operated completely independently of the mainstream official edifice, resulting in additional work with extra costs for importers, their agents and the port operator.

Since publication of the report the EU has established TRACES (Trade Control and Export System), a web-based service for the application for, and issuing of, Intra Trade Animal Health Certificates (ITAHCs) and Common Veterinary Entry Documents (CVEDs) for intra-Community trade in live animals, their products and germplasm. Today TRACES is used as a pre-notification mechanism for POAO checks. In inventory linked locations, systems cannot be used for pre-notification but are used to advise of consignments that have been stopped for port health checks and to exchange information about consignments. However there is still prolific use of the fax to exchange information.

The PHA release the goods on the community system which also notifies the NCH when manual clearance of the customs entry is necessary. CVEDS are still required by the PHA and the EU mandates that they must be entered into TRACES. This means that information must be lodged with the PHA separately to HMRC. This should be addressed under the ITSW ALVS TRACES-CHIEF proposals. A feasibility study has been carried out and subject to funding work will commence in 2009. Both POAO and live animals will be covered.

As far as the CVED is concerned, it was a major success for SITPRO when the European Commission agreed to the alignment of the CVED and this came into effect on 18/02/04 under Commission Regulation (EC) No 282/2004.

Questions

15. What will be the direct impact on your operations when the TRACES-CHIEF link is in place?

16. What are your current concerns, if any, with regard to PHA procedures?

b) Plant Health Procedures

Defra's Plant Health Division (PHD) has responsibility for the plant health aspects of import and export arrangements applicable to plants, plant pests, plant produce and soil and growing medium in England and Wales. Defra's Plant Health and Seeds Inspectorate (PHSI) carries out import and export inspections, issues phytosanitary certificates, oversees eradication campaigns and the operation of the EU plant passport regime and certifies crops in relation to statutory and voluntary certification schemes.³ On 1 April 2009 the PHD and the PHSI will be incorporated into a new Defra agency together with the Central Science Laboratory (CSL) and the Plant Variety Rights Office and Seeds Division (PVS). The new agency will be called the Food and Environment Research Agency.

Under Plant Health Council Directive 2009/29/EC plant health inspections can be carried out at places other than the first point of entry into the Community, such as Enhanced Remote Transit Sheds (ERTS) and designated premises under the Customs Freight Simplified Procedures (CFSP). The PHSI uses an electronic information and work recording system known as eDomero for all activities undertaken in relation to plant health work.

Imports of fresh fruit and vegetables are controlled by the Rural Payments Agency Inspectorate (incorporating the Horticultural Marketing Inspectorate) and PEACH (Procedure for the Electronic Application for Certificates from HMI) is the system used. Under the International Trade Single Window (ITSW) eDomero and PEACH will be linked to each other and to CHIEF for clearance via an automatic licence verification system (ALVS) in the same way as TRACES (see above). Although the PEACH-CHIEF link is currently in place, it is being tested and a live pilot will commence in March 2009. In the interim a quarantine release certificate has to be generated.

Questions

- 17. What will be the direct impact on your operations when the PEACH-CHIEF link is in place?**
- 18. What are your current concerns, if any, with regard to PHSI and HMI procedures?**

³<http://www.defra.gov.uk/planth/phintro.htm>

Forestry Commission Procedures

1997 Recommendation: The Forestry Authority information requirements should be incorporated into the port inventory system and where a paper document is required this should conform with the UK aligned system of documents (based on the UN Layout Key).

Today agents appointed by the Forestry Commission are linked to the port inventory systems (MCP at Felixstowe and CNS at Southampton) for co-ordinating examinations and informing agents in relation to checks on commodities associated with wood packaging material for ISPM15 compliance. Paperwork is still required for imports of controlled wood and wood products. Importers (or their agents) must by law notify the Forestry Commission of their intention to land controlled wood and wood products. This is achieved by supplying inspectors with an Inspection Request form which is of a standard format and can be faxed or emailed. These consignments of controlled wood are entered into HMRC's CHIEF system as route 1 commodities and held until the Forestry Commission Plant Health Inspector issues the quarantine release certificate. Once the QRA has been received by the importer CHIEF can be updated and the consignment released from HMRC's control.

Original phytosanitary certificates are required for presentation on entry of controlled wood and wood products. These follow a format laid down by the International Plant Protection Convention. Provision has been made to allow the issue and receipt of these certificates electronically but so far no third country has come forward to request that the Forestry Commission accept electronic certificates, but should the need arise the Forestry Commission will adjust accordingly. Under derogation Canada and the USA are able to use industry issued certificates which follow a different format and for which no electronic provision has been made. Therefore there are no plans at present to develop a system similar to PEACH for plant health checks on wood products.

Question

19. What concerns, if any, do you have with regard to Forestry Commission procedures?

Other Procedures

a) Dangerous Goods

1997 Recommendation: For dangerous goods requirements, the provisions with regard to the various modes of transport should be further standardised and harmonised in accordance with UN/ECE Recommendation 11 "Documentary Aspects of the International Transport of Dangerous Goods".

The review noted that the requirements for dangerous goods at ports and airports were generally found to be non-burdensome and this was mainly because they featured appropriately within the port operating requirements. Aside from the direct research at ports it was also noted that it would be beneficial if the requirements between the different modes of transport could be further aligned as different data elements were required for movements by sea under IMDG and by road and rail under ADR. Moreover, proper shipping names differed between the regulations.

In the period since the report, harmonisation has been achieved between IMDG and ADR with regard to shipping names, UN numbers and limited quantities. Further harmonisation is still needed with regard to marking, labelling and documentation and work continues in the UN in these areas.

The report mentioned that although not mandatory the SITPRO DGN was widely used for movements by road and sea. (It is mandatory to provide a Dangerous Goods Declaration and a Packing Certificate. The SITPRO DGN is practical to use in that it combines the two.) Unlike the IATA Shipper's Declaration of Dangerous Goods for transport by air, it is not a requirement to undergo training in order to complete documentation for transport over land and sea. SITPRO expressed concern that an incident might occur where it would be established that inadequate documentation and training had led to loss of property and possibly life.

The SITPRO DGN is one of the most requested documents on the SITPRO trade facilitation helpdesk. A comprehensive completion guide is available on the SITPRO website <http://www.sitpro.org.uk/trade/dangerous.html>. EU Directive 96/35/EC, now UK law, requires any undertaking that transports, loads or unloads dangerous goods by road, to appoint a Dangerous Goods Safety Adviser (DGSA). This legislation applies to all shippers, road carriers, air carriers, freight agents, and handling agents who are involved in road transport of dangerous goods above the Limited Quantity exemptions.

Questions

- 20. What do you consider to be the chief benefits of further alignment of regulatory requirements for the movement of dangerous goods between the different modes of transport?**
- 21. Do you use the SITPRO Dangerous Goods Note? How many per annum do you need to generate on average?**
- 22. Do you produce the document electronically to plain paper using a software system purchased from a SITPRO licensee?**
- 23. Do you print to a pre-printed document purchased from one of SITPRO's licensed printers? If yes, how do you complete the document – by hand, using a typewriter, using your own Word/Excel-type template, other?**
- 24. Do the current means of producing the DGN meet your business needs?**
- 25. Are there any comments you would like to make either on the document or on the completion guide?**

b) Export/Import licensing process

1997 Recommendation: The export/import licensing process of the Department of Trade and Industry (DTI) and the Intervention Board Executive Agency (IBEA) Common Agricultural Policy licensing process should be rationalised and linked to HM Customs CHIEF system for Customs control and monitoring by the DTI and IBEA.

The report noted that HM Customs regulated the movement of goods requiring export, import or CAP licences and were required to scrutinise the licenses before allowing entry or exit of the goods. Procedures were manual, based on an application from the exporter or importer and on a paper licence which had to be physically produced to Customs. Such procedures were considered cumbersome and bureaucratic and could lead to delays.

In September 2007 BERR Export Control organisation launched SPIRE. This is an online export application service to enable exporters or their shipping agents or freight forwarders to apply for BERR export licences for controlled and dual-use goods. In April 2008 SPIRE was linked to CHIEF and a system of automatic licence verification (ALV) enables electronic writing off of BERR ECO licences.

In 2007 a situation arose whereby regulations for exports to Iran changed and this triggered alerts on CHIEF. As a consequence goods were held up and traders were advised by HMRC to contact BERR ECO. However, it then transpired that BERR ECO were unable to deal directly with exporters as the alert was triggered at the point when the entry was made to CHIEF. This meant that HMRC were the client and not the exporter so communication had to be via HMRC. Although there is evidence to suggest that a number of exporters concerned did not respond to HMRC's requests for further information SITPRO is concerned that this situation may have led to loss of business and may still be causing problems.

Questions

26. What has been your experience of the BERR/ECO/SPIRE licence application process?

27. What has been your experience of Customs export clearance of controlled goods?

28. What issues or concerns do you have, if any, with regard to the import licensing regime?

29. What issues or concerns do you have, if any, with regard to the CAP licensing regime?

Border agency co-ordination

1997 Recommendation: All official controls and other agency functions should be grouped under the co-ordination of a single lead body, for maximum benefit to UK trade as it is easier for traders to deal with one overall body and single point of contact. Which Department should carry out this role should be decided by discussions between the relevant Departments led by the Department of Trade and Industry.

In July 2007, as part of the Government's response to escalating terrorism-related security threats to the UK, the UK Border Agency (UKBA) was established. Its purpose was to create stronger controls over people coming to the UK and introduce more effective and efficient activities at the border by working as a single unit. While this new agency is built around UK Visas and the Border and Immigration Agency, it has combined them with Detection officers from HMRC at the main points of entry to the UK. The new agency is part of the Home Office.

The agency has seven objectives: facilitating trade; protecting revenue; preventing terrorism; preventing drugs and non fiscal fraud; immigration; control of prohibitions and restrictions; and public assurance. Challenges include facilitating free movement through more pre-selection, more risk-based controls; reducing queues and controlling immigration.

Policy on customs and tax matters including IT systems and associated processing will remain within HMRC.

Questions

30. In what ways has your business been affected since the creation of UKBA?

31. What comments do you have on the progress to date of the development of UKBA?

Direct Trader Inputs

1997 Recommendation: The various Direct Trader Input providers in the UK should seek to standardise their information requirements and common outputs and provide a national network which links all UK ports.

Direct Trader Input providers, now more commonly referred to as Community Systems Providers (CSPs), operate comprehensive and effective freight management systems within the vast majority of UK ports. Through the CSPs air and sea ports are able to meet commercial/logistical demands and comply with their legal obligations. The report noted that local variations in official requirements and procedures were not beneficial to port users, particularly multi-port users. To compound the situation the CSPs also operated different systems and were not linked on a national basis.

Information requirements are and always have been determined by the statutory authorities. However, since the report was written procedures have gradually moved towards national uniformity, especially since the advent of the National Clearance Hub. Two of the five CSPs (MCP and CNS) have established links which allow information to be passed between the systems regarding goods moving between port communities. As there is little movement between air and ocean there are no links between maritime and air CSPs. Although import entries into CHIEF are made via the CSPs they no longer have a monopoly to act as a conduit for export entries. These can now be made via the internet and the Government Gateway – EDCS.

CSPs are commercial enterprises and as such need to generate revenue. This is currently achieved through membership fees or “badges”. A badge is required for each role and location. An alternative system would be to base revenue on throughput - i.e. on the number of transactions - but the benefits to be derived from this for either the CSPs or the trade have yet to be fully established.

Questions

32. Do you see any benefit in inter-system connectivity?
33. Given that the CSPs need to generate sufficient revenue each year, do you see any benefit in reducing the revenue derived from multiple badges and replacing it with increased through-put (i.e. transaction) charges?
34. Is there any benefit in allowing occasional users to clear goods by paying a higher fee, rather than retaining the current system where locally based agents act on behalf of other agents at different locations?
35. Is there any benefit to either CSPs or the trade in de-linking customs reporting from the physical goods handling of the inventory?
36. Is there any benefit to be derived from the CSPs offering reporting and data management services as well as goods control services (i.e. ICS and ECS entries via their systems)?

The International Trade Single Window

Although there is no specific mention of the UK International Trade Single Window (ITSW) in the 1997 review, there are various references to the need for better border agency co-ordination and the ability of traders to submit declarations electronically. During the intervening years SITPRO was closely involved in making the case for the ITSW in the UK and finding a cross-Government champion. The ITSW project is now being developed, with project oversight being provided by HMRC and delivery in the hands of BusinessLink.

SITPRO's original idea for the ITSW was a single place where UK traders could input all the data required to clear their goods for export from or import into the UK. However, while the majority of the Government funding secured for this project has been channelled into a comprehensive information website that also provides access to an electronic version of the tariff, only limited progress has been made with regard to electronic transactions conducted through the single window portal. Looking forward, there is very little funding that the Government has been able to allocate to the project, short of a robust, current business case. If the transactional ITSW is to become a reality in the UK, we need to make the case on behalf of traders more comprehensively. This consultation on port procedures offers an opportunity to do that.

Meanwhile, the vision of every Member State of the EU having a national single window for international trade is contained in the EU Multi-Annual Strategic Plan for creating an electronic customs environment across the EU. The target date is 2013, although this is looking increasingly ambitious.

Elsewhere, single window projects are being rolled out or investigated seriously in Asia, Africa and other parts of the world. It is ironic that Europe is beginning to be left behind.

Questions

- 37. What do you see as the main reasons for having an International Trade Single Window?**
- 38. What do you see as the benefits of an ITSW? Give examples of how you might use it.**
- 39. If you are a user of UK port community systems, how would you see the CSP system and ITSW interacting?**
- 40. How would you calculate the cost savings to your business from being able to submit international trade data online to UK Government border agencies?**
- 41. What comments do you have on the progress to date of the UK's International Trade Single Window?**

The European Dimension

The European Commission is seeking to create a modern, more efficient, Customs environment with paper format Customs procedures are being replaced with EU-wide electronic ones. At the heart of the European Union's developing Customs landscape is the Electronic Customs Initiative. Essentially, there are three pieces of legislation that make up this initiative:

- Security Amendment to the Customs Code;
- Electronic Customs Decision (e-Customs Decision);
- Modernised Customs Code (MCC).

Through it, the Commission and the Member States have sought to provide for efficient, effective and interoperable information and communications systems whilst addressing the pressure, for both governments and traders, to reduce costs and delays. The Electronic Customs Initiative also has the dual objective of enhancing security at the EU's external borders and facilitating trade. They promote the use of modern tools and technology, with the MCC and e-Customs Decision in particular generating a reengineering of procedures through radical simplification and modernisation.

Indeed, so much has changed that our recommendations in 1997 now look surprisingly thin and of a secondary order. In this chapter we consider the progress on our recommendations. But most of the consultation will be necessarily focused on the new EU requirements, their timing, the impact on traders and the issues on which SITPRO, with other European organisations, needs to focus in the coming years.

Issues from the 1997 Review

a) Immigration requirements for intra-Community freight service

1997 Recommendation: HM Immigration Service should introduce a risk assessment system of selection and discontinue the current requirement of the systematic need to show a passport for those accompanying an intra-Community freight service.

The report noted that despite Article 8a of the EEC Treaty which allows for the free movement of goods, persons, services and capital within the EU, HM Immigration continued to exercise passport control on all those entering and leaving the UK, including drivers of freight vehicles. These checks meant that port operators were obliged to provide facilities free of charge to enable government officials to carry out their duties.

Passport control and identity checks are a major feature of checks at UK borders even for EU citizens coming directly from another member state. One reason is that the UK has never signed the Schengen agreement. Every passport has to be “fingered” and scanned. At ro-ro ports this can lead to huge delays especially if not all the posts provided by the port are manned. In a post 9/11 world control of the movement of people has become ever tighter. There are plans to extend immigration controls to the Common Travel Area (CTA) – the UK, the Channel Islands, the Isle of Man and the Republic of Ireland.

Questions

- 42. If you are a port operator please advise of any issues you have with regard to immigration controls for intra-EU passengers and freight drivers and to trader provided facilities.**
- 43. If you are a port user please advise of any concerns or issues you have with regard to immigration controls at the UK border with the EU.**

b) Border Inspection Post Procedures for intra-EU movements

1997 Recommendation: MAFF should review the Border Inspection Post procedures for products of animal origin, that arrive at UK terminals from third countries on services from EU ports, with the objective of allowing such consignments to be examined and cleared by the local health authority at destination.

In recent years regulations for BIPs have been strengthened and a number of facilities have had to be upgraded so in order to comply. Products for human consumption have to be kept separate from products which are not, such as vaccines and blood samples. Rules pertaining to movement and transit must be closely observed as any infraction will result in destruction of the produce. EU regulation requires all POAO to be checked and cleared at the final port of destination.

Question

44. What concerns do you have with regard to either the operating or the use of BIPs?

c) National checks at the border

1997 Recommendation: Internal frontiers should not be used as a systematic point for undertaking purely national checks. Council Regulation (EEC) No 4060/89 allows these checks to be done anywhere throughout the UK.

The original report was written in the period following the creation of the Single Market. The objective of the Single Market is to ensure the freedom of movement of goods, people, capital and services. To meet this objective HMRC effectively removed or reduced their presence from the previous style of control which affected the movement of goods. However, research indicated that official organisations other than Customs were using the internal frontier to carry out official checks. The report termed this “bureaucratic creep”. Today there is still a tendency for government departments and their agencies to view the border as a convenient check point as it presents a “bottleneck” through which vehicles, goods and people must pass. An example would be checks by the Vehicle and Operating Services Agency (VOSA) on the roadworthiness of vehicles as they enter the UK through the ferry ports.

Questions

45. What examples can you give of purely national controls being undertaken at the frontier?

46. What impact do these controls have on your operations?

The new EU agenda

The Multi Annual Strategic Plan (MASP) is the EU's plan for the implementation of its electronic Customs proposals. It relates to the creation of a European electronic environment, consistent with the operational and legislative projects and developments already scheduled or underway in the areas of Customs and indirect taxation.

The MASP provides a comprehensive summary of projects including detailed descriptions of the electronic Customs initiative projects. It is updated and revised annually and sets out the vision, objectives, strategic framework, schedules and the milestones to implement the electronic Customs initiative. Part of the role of the MASP is to make Member States' electronic Customs systems compatible with each other in order eventually to create a single shared computer portal. The MASP will continue to adapt and develop as the systems become operational: for example, it is the intention to have the same IT interface for the EORI system, AEO authorisations and other future authorisations granted to economic operators.

a) National Transit Simplifications

The United Kingdom currently operates national transit simplifications under Article 97 of Council Regulation (EEC) 2913/92 of the Customs Code. This facility has not been carried across to the Modernised Customs Code. Under the Modernised Customs Code (MCC) the retention of national simplifications will need to be approved by the EU Commission.

The UK wishes to retain the simplified procedure for the movement of imported goods from the port/airport of arrival to a customs approved location elsewhere in the United Kingdom. Under this procedure declarations to transit are made using local computerised inventory systems and are covered by a guarantee or guarantee waiver. This procedure is vital for the efficient movement and clearance of goods in transit within the UK. Should the Commission envisage replacement of this national transit simplification by NCTS, the result would be additional complication, delays and cost. All the input to the inventory system would still be required as it is used for operational as well as regulatory purposes. It is estimated that the total annual number of such movements through the inventory system is in excess of 1 million.

SITPRO, together with HMRC, has made a strong case to the EU Commission for the retention of the UK's national transit simplifications. It argues that removing this facility would be a case of 'harmonisation for harmonisation's sake'. Furthermore, retention of these simplifications will neither adversely affect the implementation of the MCC (because they can be applied on an EU-wide basis) nor create difficulties for the MASP (because procedures are fully electronic). However, SITPRO understands that the Commission will start from the premise that all national simplifications should cease and that only those that can be implemented on an EU-wide basis will be retained.

Question

47. What impact would the loss of national transit simplifications have on your business operations?

b) NCTS

The objective of the New Computerised Transit System (NCTS) is to enable full control of the “core” transit of non EU goods. NCTS will, with the support of electronic declarations and processing, streamline and harmonise the core transit process whilst incorporating the data required for security purposes. NCTS facilitates the management and control of Community transit thereby enabling non-Community goods (those that are not in free circulation) to move between two points within the Community without being subject to import duties and other charges. Over the next

Phase 1: NCTS. Covering Community/common transit
Phase 2: NCTS-TIR. Control of the Community leg of TIR movements
Phase 3: NCTS-Safety and Security. Incorporation of security data elements
Phase 4: NCTS-Enquiry/Recovery. Upgraded enquiry procedure and introducing the recovery Procedure

Questions

48. What do you think of NCTS?

49. What would you see as the benefits of NCTS?

50. What do you see as the problems with NCTS?

c) EORI

In July 2009, the implementation of EORI will ensure that the measures to enhance security introduced by the Security Amendment (Council Regulation 648/2005) and its Implementing Provisions will be more effective if Economic Operators (EO) affected could be identified by reference to a common number unique to each EO within the EU. This unique number will be used by EOs in all their communications with customs authorities throughout the community where an identifier is required, ie the provision to the customs authorities of pre-arrival and pre-departure information on all goods entering and leaving the customs territory of the community and for the import, export and transit of third country goods. In addition it will be used for the exchange of information between the customs authorities as well as between customs authorities and other authorities eg other government departments but only in respect of the movement of goods involving a customs procedure. In the UK traders who currently use a TURN or have used one in the last 2 years, will automatically gain an EORI number

Questions

51. What do you think of the EORI scheme?

52. What would you see as the benefits of EORI?

53. What facilitation benefits do you anticipate that an EORI number will provide you with?

d) AEO

As of 1st January 2008, Member States of the European Union can grant AEO status to a business involved in the international supply chain. The status is an internationally recognised quality mark which tells people that your role in the international supply chain is secure, and that your customs controls and procedures are efficient and compliant. With an AEO certificate traders can be considered a secure trader and a reliable trading partner that has proved itself to be compliant and trustworthy, and where applicable, safe and secure.

AEO, like similar international “trusted trader” programmes, is voluntary and based on the model designed by the World Customs Organisation under the SAFE Framework. There are three certificates available: i) security and safety; ii) customs simplifications; and iii) full (security and safety and customs simplifications). It is advised however, that businesses interested in applying for AEO should apply for the full certificate. This will allow a business to receive the maximum benefits potentially available under the AEO scheme.

Please note: The customs simplification certificate is an EU Commission addition (not based in the SAFE Framework) and will not be accepted under any future mutual recognition agreements. Businesses only applying for this type of certificate would have to reapply at a later date for the security and safety certificate as well.

The status of the authorised economic operator granted by one Member State is recognized by the other Member States, but does not confer the right to benefit automatically in the other Member States from simplifications provided for in the customs rules.

Questions

54. Do you intend to have or do you already have AEO status?

55. What would you consider the burdens of applying for AEO status?

56. What would you see as benefits of AEO status?

57. Where would you go to obtain advice on AEO?

58. In the future, do you think the AEO criteria will get harder or easier to achieve?

e) ECS

The EU is implementing an Export Control System (ECS) which introduces new EU procedures to computerise and control indirect exports. ECS Phases 1A and 1B, the initial steps of AES, provide the platform for the conclusion of export operations to be handled by the office of exit in a more efficient and effective manner. The electronic exchange of export/exit information between Customs offices of export and Customs offices of exit, in particular where different Member States are involved, will ensure full control of the export/exit of goods from the Customs Union.

ECS Phase 2 provides for the electronic handling of combined export declarations/exit summary declarations under the Security Amendment. It will require additional information to be included in export declarations for safety and security purposes, amongst other things. This provides Customs administrations with the infrastructure for fast reception and treatment (particularly risk analysis) of the pre-departure declarations. This Phase preserves and builds upon the functionalities delivered in ECS Phase 1 giving better control of movements and a more rational

HM Revenue & Customs (HMRC) are working to the following timeline:

- ECS1a (Fiscal) – the UK operating as an Office of EXIT for indirect exports from Other Member States (OMS) went live in September 2007.
- ECS1b (Fiscal) – the UK operating as an Office of EXPORT using Customs Handling of Import and Export Freight (CHIEF) messaging and ECN+ network. This is due for delivery on 1 July 2009.
- ECS2 - Full integration of ECS stages 1a and 1b with pre-departure declarations and the implementation of the Safety and Security (S&S) Regulations is due for joint delivery with ECS1b on 1 July 2009.

Questions

59. Based on your experience, what are your initial thoughts on ECS?

60. Are you happy that you have sufficient understanding of how information will be provided to ECS?

61. What problems do you anticipate with the programme?

62. What costs are you likely to incur as a direct result of the ECS programme being introduced?

f) ICS

The EU is implementing an Import Control System (ICS) which introduces new EU reporting procedures. ICS is for the safety and security of cargo entering the EU, providing for the handling of entry summary declarations received from carriers or their agreed representative, e.g. freight forwarder or agent. The data collected will be used for risk analysis and appropriate messages relating to the goods (e.g. "do not load") will be issued. Traders will be required to provide information (entry summary declaration) in advance of goods being imported into, or transiting through, the EU.

Questions

- 63. Based on your experience, what are your initial thoughts on ICS?**
- 64. Are you happy that you have sufficient understanding of how information will be provided to ICS?**
- 65. What problems do you anticipate with the programme?**
- 66. What costs are you likely to incur as a direct result of the ICS programme being introduced?**

g) Self Assessment

Self-Assessment should provide an extensive simplification on existing Customs formalities, enabling those economic operators who meet the AEO criteria to carry out certain Customs formalities (which in principle should be carried out by the Customs authorities) and to perform certain controls under Customs' supervision.

Definition:

“Authorisation by customs for economic operators to take responsibility for and perform customs formalities and controls normally undertaken by customs as specified.”

The three basic principles of Self Assessment are that the trade will:

- i) manage and monitor their customs activities (formalities) through their own business accounts and financial administration and its supporting IT-systems;
- ii) determine the amount of import/export duty payable;
- iii) notify customs periodically of the amount of duty payable for the defined period

Questions

- 67. Based on your experience, what are your initial thoughts on Self Assessment?**
- 68. What benefits do you see with the scheme?**
- 69. What costs are you likely to incur to facilitate Self Assessment?**

h) Single Authorisation

A Single Authorisation is an authorisation granted in one Member State (the Authorising/Supervising Member State) permitting the use, in all participating Member States, of the simplified declaration procedure (SDP), the local clearance procedure (LCP), customs procedures with economic impact (CPEI), end-use or any combination thereof.

Such an authorisation is a trade facilitation measure that allows an economic operator to conduct his customs business from the Member State where he is established, irrespective of the Member State in which the goods are located at the time of their release for the procedure concerned.

Questions

70. Based on your experience, what are your initial thoughts on Single Authorisation?

71. What benefits do you see with the scheme?

72. With your experience, what problems do you anticipate with Single Authorisation?

Border and supply chain security

The trading community faces a serious security threat - not just from terrorists, but from increasing measures being put in place in the name of security that affect the international supply chain. The stated aim of these measures is to improve border security, a goal no-one would oppose. However, over the last few years, we have seen an avalanche of such initiatives presented by governments nationally, regionally and internationally, and new requirements are being introduced all the time. This creates uncertainty for traders that have to comply with them, together with a compliance cost in the form of changes to their own control and data management systems to meet them - costs which ultimately get passed onto the consumer. Key initiatives that affect the international trader are:

WCO's Framework of standards to Secure and Facilitate Global Trade (SAFE)

The SAFE Framework was adopted and agreed in June 2005 it establishes a regime that not only increases the security of the global supply chain but enables the facilitation of legitimate consignments moving within it.

The objectives of SAFE are to:

- Establish standards that provide supply chain and facilitation at a global level to promote certainty and predictability
- Enable integrated supply chain management for all modes of transport.
- Enhance the role, functions and capabilities of Customs to meet the challenges and opportunities of the 21st Century
- Strengthen the co-operation between Customs administrations to improve their capability to detect high-risk consignments
- Strengthen Customs/ Trade cooperation
- Promote the seamless movement of goods through secure international trade supply chains.

The key elements are set out in two sections, known as 'Customs to Customs' and 'Customs to Trade'. These are to:-

- Harmonise the advance electronic cargo information requirements
- Use of risk management approach to address security threats.
- At the request of the importing country the exporting country will perform inspections of high-risk consignments.
- Business that meets the minimal supply chain security standards and best practices will receive 'benefits' from Customs authorities.

Although not legally binding the EU has agreed on behalf of Member States to introduce SAFE principles.

Questions

73. Are you fully aware of the principles of SAFE?

74. Based on your experience, what are your initial thoughts on SAFE?

75. What problems do you anticipate with the programme?

76. What costs are you likely to incur as a direct result of the SAFE programme being introduced?

EU initiatives

The Commission felt that the threat of, and actual, terrorist attacks have highlighted the vulnerabilities of the supply chain. Consequently, DG TAXUD has developed (and continues to develop) a security-management model (the EU Customs Security Programme) for the Community's external borders. This addresses the challenge of how best to design and implement effective measures that will successfully defend the EU's trading and transport system from threats while concurrently not disrupting legitimate trade. The measures created aim to enhance security through improved Customs controls in conjunction with maximising the combined impact of controls carried out by different authorities along with making more resources and equipment available.

Through the Security Amendment to the Customs Code, the Community has introduced a number of measures to tighten security around goods crossing international borders and to construct a common approach to border control. (The Customs measures in operation prior to this did not adequately address increasing security concerns.) The measures, producing faster and better-targeted checks that facilitate legitimate trade but tighten security and safety requirements, can be divided into three interlinked sections:

- The requirement for traders to provide Customs authorities with information on goods prior to arrival/import to, or departure/export from, the European Union;
- Reliable traders to be provided with trade facilitation measures;
- The introduction of a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerised systems.

a) Pre-arrival, pre-departure information

Through Export Control System phase 2, the Import Control System and New Computerised Transit System - Safety and Security, Customs authorities will be able to collect data for the purpose of entry and exit safety and security controls. Traders will provide Customs with advance information on goods brought into or out of the Community.

b) Trade facilitation

EORI will create a common system for traders across the Community that enables the Member States' Customs authorities to recognise traders through a unique identification number. January 2008 saw the provisions for the Authorised Economic Operator programme entering into force. AEO is the EU's attempt to strike a balance between increasing security requirements and offering facilitation for compliant traders.

c) Risk assessment

In the last few years a common risk management framework has been used to support improved risk-based controls by Customs authorities. In addition, the Member States will supplement the Community risk-assessment strategy with their own.

Questions

77. What value do you think the EU initiatives will add to the supply chain?

78. Do you consider the EU initiative to be “over burdensome”? If yes, give details.

US initiatives

a) Customs-Trade Partnership Against Terrorism (C-TPAT)

C-TPAT is a USA initiative that encourages companies and authorities to work together to strengthen and improve the entire international supply chain through extensive cooperation. C-TPAT only applies to imports to the USA, with a clear focus on attempting to create a system that would enhance the resistance of the supply chain against terrorist attacks. In principle, if a terrorist attack took place, the largest operators in terms of volume and value would be able to rapidly get their supply chains working again and thereby reduce any harmful effects on industry.

A company that intends to be C-TPAT certified must meet requirements in a number of different fields. The requirements are different for different types of companies and the role they have in the supply chain. There are separate categories for importers, customs brokers, rail carriers, foreign manufacturers, road carriers and sea carriers. Importers must conduct a comprehensive assessment of their entire international supply chains, defined from point of origin (manufacturer, supplier, vendor) to the point of distribution.

Questions

79. To what extent have you been affected by the introduction of C-TPAT?

80. What problems do you anticipate with the programme?

b) 100% scanning and 10 + 2

100% scanning

The “Improving America’s Security Act” became law in August 2007 and will require screening of all cargo on passenger planes bound for the US within three years and scanning of all shipping containers within the next five years.

The 9/11 Committee’s 2006 report established the need to trial 100% scanning and a number of ports including Southampton. The trial in Southampton began in October 2007 and ran until March 2008. The trials were seen as pilots to test not just the technology but also the feasibility of 100% scanning. Although technically the equipment in Southampton worked satisfactorily, elsewhere in the world the equipment suffered from extreme temperature ranges and produced very low quality container scans. Transhipped containers were not covered by any of the trial sites.

In May 2008, the US border and Protection Agency concluded that scanning was not cost effective and should only be used alongside other risk assessment tools as a layered security approach in key risk channels. This conclusion did not meet the satisfaction of congress and we await further scanning developments under the new US administration.

It must be noted that 100% scanning of US bound cargoes is written into the legislation of the USA.

Questions

81. Based on your experience, what are your initial thoughts on 100% scanning?

82. What problems do you anticipate with the programme?

83. What costs are you likely to incur as a direct result of the 100% scanning on US bound cargoes?

10 + 2 (+ 5 for goods transiting the US and for Freight Remaining on Board in a US)

Section 203 of the US Safe Ports Act provided for the development of regulations requiring the filing in advance of information relating to imports. This requirement is designed to fulfil what is a perceived gap in the knowledge or data covering the origins of a shipment that cannot currently be obtained from the cargo manifest which currently has to be reported. The additional requirements, or 10 + 2 as they have popularly become known, are designed to fulfil that requirement. The US trade has been consulted widely and the Notice of Proposed Rulemaking was cleared by the Department of Homeland Security in October. The Notice has been published and comes into effect in January 2009, with a six month period for further opportunities for comment.

In concept 10 + 2 is similar to the pre arrival declaration in EU legislation. It requires US importers of ocean cargo that is destined to remain in the US to supply CBP with 10 additional data elements 24 hours prior to lading and, ocean carriers to supply an additional 2 data sets:

1. *Manufacturer's name and address*
2. *Seller's name and address*
3. *Container stuffing location*
4. *Consolidator's name and address*
5. *Buyer's name and address*
6. *Ship to name and address*
7. *Importer of record number*
8. *Consignee number*
9. *Country of origin of the goods*
10. *Harmonised tariff 6 digit number*
- +1. *Vessel stow plan*
- +2. *Container status messages*

10 + 2 (+ 5 for goods transiting the US and for Freight Remaining on Board in a US)

In addition, the rule requires that the Importer Security Filing for shipments consisting entirely of foreign cargo remaining on board (FROB) and shipments consisting entirely of goods intended to be transported in-bond as an immediate exportation (IE) or transportation and exportation (T&E), must provide five elements. Importer Security Filings for IE and T&E shipments must be submitted no later than twenty-four hours before the cargo is laden aboard a vessel destined to the United States and Importer Security Filings for FROB must be submitted any time prior to lading. The following five data elements must be submitted for goods transiting the US and for Freight Remaining on Board in a US port.:

- Booking party;
- Foreign port of unloading;
- Place of delivery;
- Ship to party; and
- Commodity Code number.

Questions

84. Based on your experience, what are your initial thoughts on the introduction of the 10 + 2 programme?

85. What problems do you anticipate with the programme?

86. What costs are you likely to incur as a direct result of the +5 programme being introduced? Were you even aware of it?

Collaboration with ESPO

SITPRO is collaborating with the European Sea Ports Association (ESPO), which is carrying out a separate consultation with their members in order to provide a European element to the new SITPRO Ports Report that will emerge from this consultation. ESPO represents the sea ports of the Member States of the European Union and SITPRO welcomes the opportunity to work with this organisation. Through its work, ESPO ensures that seaports have a clear voice in the European Union. The European Commission, as part of its maritime policy, is looking to simplify administrative burdens in ports and shipping. The cornerstone of this policy is the concept of the Maritime Transport Space. In the context of their work on administrative simplification, ESPO is investigating key administrative bottlenecks and burdens that the Commission should tackle.

A preliminary survey of ESPO members has identified the following top five most cited problems/burdens related to administrative procedures:

1. Customs procedures

These included lack of electronic customs clearance systems for containerised cargos with the attendant problem of customs office opening hours; manual inspections carried out in the port area as opposed to in the warehouse; the carrying out of customs procedures for transit cargoes at the seaport of entrance instead of at the final inland port or terminal and time delays between the request for a customs check and the performance of that check.

2. Lack of co-ordination between the different services that have to carry out controls such as customs, phyto-sanitary, veterinary and police etc.

This results in increased waiting times, delays in delivery with their attendant consequences for perishable goods, and decreased port competitiveness.

3. Differences in the national implementation of EU regulations particularly with regard to import, export and transit procedures

Examples given included VAT procedures for incoming goods and taxation on certain imports; customs procedures for exports and inspection at the port instead of at final destination of transshipment containers temporarily held in container terminals.

4. Differences between Member States in the actual carrying out of checks imposed by EU regulations

Harbour masters and the various government departments and agencies were identified as the key issues here. Differences in the frequency and extent of checks results in the non-acceptance of goods by certain authorities, the distortion of competition between European ports, and the loss of traffic in favour of other ports.

5. Lack of personnel, equipment and labour flexibility preventing fast and co-ordinated procedures

This results in delays to the control of passengers and goods; hindrance to the flow of goods through the ports; saturated port capacity; complaints by importers and ultimately loss of business for the port. Although on-going reforms provide hope for the future, border police and customs tend towards inflexibility with regard to labour organisation and port opening hours.

Questions on these issues from the UK perspective

a) With reference to procedures in the United Kingdom

- 87. Are there any issues with regard to customs clearance procedures that have not been covered elsewhere in this document that you would like to highlight?**
- 88. What is your experience on the ground with regard to the co-ordination of checks and interventions by different government departments and agencies? Where do you encounter most problems?**
- 89. Are you able to provide examples of instances of where inadequate staffing, lack of equipment or inflexible office hours have led to delay and congestion?**

b) With reference to European Union regulations

- 90. Are you aware of any instances where the implementation in the UK of EU regulations differs from that of other Member States? What are the consequences of these differences for port/airport operators and users?**
- 91. Can you cite any examples of instances where EU regulatory checks and interventions are carried out more rigorously in the UK than in other Member States? What are the consequences for UK trade?**

Annex: List of SITPRO recommendations from 1997

1. All official controls and other agency functions should be grouped under the co-ordination of a single lead body, for maximum effect to UK trade as it is easier for traders to deal with one overall body and single point of contact. Which Department should carry out this role should be decided by discussions between the relevant Departments led by the Department of Trade and Industry.
2. As part of the ongoing review of HM Customs legislation (the Customs & Excise Management Act 1979), the provisions regarding the approval of ports, inland clearance depots and wharves should be reviewed within the next 24 months with particular reference to the ongoing requirement within the Single Market for approval for purely intra-Community ports/facilities.
3. Reconsideration should be given to the scope of decision making at a local Collection level within HM Customs. The commercial implications of decisions being made at a local level should be scrutinised before implementation and subsequently monitored.
4. The requirements for the collection of statistics from freeports should be removed or amalgamated into the current import entry procedures, and other future statistical requirements, both freeport and maritime) should only be implemented if they are generated as a natural by-product of essential documentary requirements.
5. HM Customs' policy of moving away from transaction based controls at ports to audit based controls at traders' premises should be adopted where possible for all official intervention, as the cornerstone of a national trade facilitation strategy.
6. Trading standards checks should continue to be carried out as part of overall HM Customs controls based on risk assessment techniques.
7. The various Port Health Authorities (PHA) who act as the inspection agency for MAFF (animal health) should, following best practice, and together with MAFF, develop systems linked to the current port inventories. These systems should automatically pre-advise consignments that must be stopped for port health checks and enable the importer or his representative to transmit information to the PHA. In smaller ports, or those where local Port Health resources are limited, then manual based systems should be rationalised and integrated with other official requirements.
8. All port health procedures should be aligned with Customs and other agencies and declarants should not have to lodge information with the PHA separately.
9. SITPRO, through MAFF and the EUROPRO, should propose to EU legislation for the veterinary entry document (CVED) requirement to be discontinued with reliance placed instead on the health certificate and other available information. During the interim the layout of the CVED should conform with the UK aligned system of documents (based on the UN Layout Key).
10. Animal quarantine stations should be provided with links into the port and airport inventory system, enabling them to monitor selected consignments automatically and to inform HM Customs and/or agents when checks have been completed.

11. The Forestry Authority information requirements should be incorporated into the port inventory system and where a paper document is required this should conform with the UK aligned system of documents (based on the UN Layout Key).
12. For dangerous goods requirements, the provisions with regard to the various modes of transport should be further standardised and harmonised in accordance with UN/ECE Recommendation 11 “Documentary Aspects of the International Transport of Dangerous Goods”.
13. In auditing the system of collection of light dues through registered agents Trinity House should ensure that the requests for reporting on vessels’ movements place as little burden and cost on port authorities as is possible and are proportionate.
14. The export/import licensing process of the Department of Trade and Industry (DTI) and the Intervention Board Executive Agency (IBEA) Common Agricultural Policy licensing process should be rationalised and linked to HM Customs CHIEF system for Customs control and monitoring by the DTI and IBEA.
15. The various Direct Trader Input providers in the UK should seek to standardise their information requirements and common outputs and provide a national network which links all UK ports.
16. The official requirements and documentation generally at ports should be aligned and rationalised by the relevant authorities. To this end a group comprising the various agencies and port authorities should be established to undertake this task.
17. The current documentary procedures which are manual and paper based should be computerised at the earliest opportunity, the objective being to remove all requirements for the presentation of paper declarations.
18. HM Customs should review the procedures for Channel Tunnel Railfreight movements, and the single Port of Entry and Willesden/Wembley.
19. HM Immigration Service should introduce a risk assessment system of selection and discontinue the current requirement of the systematic need to show a passport for those accompanying an intra-Community freight service.
20. MAFF should review the Border Inspection Post procedures for products of animal origin, that arrive at UK terminals from third countries on services from EU ports, with the objective of allowing such consignments to be examined and cleared by the local health authority at destination.
21. Internal frontiers should not be used as a systematic point for undertaking purely national checks. Council Regulation (EEC) No 4060/89 allows these checks to be done anywhere throughout the UK.
22. A consultative group involving members of relevant organisations should be established to ensure that the implementation of the Aviation and Maritime Security Act 1990 and the Channel Tunnel (Security) Order 1994 is proportionate, has the least impact on the cost of UK’s international trade, and can be demonstrated as being effective.