

Report on SITPRO's Consultation Regarding the Cost to UK Business of Compliance with International Trade Regulations

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Introduction

This report describes the consultation conducted by SITPRO in 2009 in response to the commitment made by the Government in the Pre-Budget Report 2008 (24 November 2008):

"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 [now the Department for Business, Innovation & Skills] 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."

The Political Context

The 2008 Pre-Budget Report coincided with a difficult period for the international business community. High profile banking collapses had led to financial uncertainty and a significant reduction in credit facilities. The UK was on the brink of a recession and businesses were finding it increasingly difficult to conduct their affairs. This was not just a national concern as most western countries were in a similar situation. A period of difficulty for businesses was inevitable, regardless of short-term measures to alleviate the situation.

During summer 2008 the World Bank published its annual *Doing Business Report*, which ranks around 180 countries according to the ease of doing business in or with them. While overall the UK ranked 6th, it was ranked 28th in terms of ease of trading across borders. With international trade in goods being such an important contributor to the UK's GDP (with exports totalling £221bn and imports £310bn in 2007), and with many of the UK's competitors being ranked higher, this greatly concerned the Government.

A Cross Government Review

The Pre-Budget Report attempted to address the question of what steps would need to be taken to ensure that the UK emerged from this period of uncertainty in the strongest possible position. The international trade work programme and resulting action plan would be the Government's attempt to allow businesses to be at their most competitive, compared to their international counterparts, when new opportunities emerged. It would be a cross-Government project reflecting the large number of bodies with an interest in this area.

The objectives of the review that was commissioned were to:

- Identify significant compliance costs to business from international trade regulation that could be reduced or avoided altogether
- Set out a practical course of action to make trade with the UK easier and less costly for UK traders.

In order to achieve this focus on business benefits, the review needed to be built on an understanding of the current challenges that businesses are facing. Therefore, the bedrock of the project needed to be a consultation that provided an opportunity for the widest range of businesses taking part in international trade in the UK to contribute.

For almost forty years, the UK government has relied upon its national trade facilitation body to work with traders to identify improvements to the procedures, practices and documentation associated with international trade. SITPRO has built a reputation as an honest broker balancing the competing concerns of business efficiency and robust regulatory implementation. SITPRO was also one of the leading bodies to raise concerns with regard to the UK's ranking in the World Bank's *Doing Business Report*. With this experience in mind, the Department for Business asked SITPRO to conduct the primary business consultation for this project.

This report sets out to describe the nature of the consultation that took place, its initial findings and how these results were fed into the cross-government project to identify tangible steps that the Government could take to improve the international trading environment for UK traders. The final project report outlining these proposals, which this report is being released alongside, was published on 2 December 2009 and can be found at www.businesslink.gov.uk/simplifyingtrade.

Methodology

Promoting the Consultation

In January 2009, SITPRO announced that it would be consulting businesses in order to identify:

- Evidence of trade regulation or procedures that are creating burdens that business feels are unnecessary and which could be reduced or avoided altogether
- Data to help cost compliance with Government requirements
- Case study examples to illustrate the problems that arise in international trade
- Examples of documentation and business processes used by companies to ship and clear goods for import or export (with a view to seeing whether they could be simplified and/or made less costly)
- Ideas for the Action Plan

The consultation was marketed to traders as their chance to have their concerns heard by the highest levels of Government and to influence plans for changes that could significantly reduce their future regulatory burdens.

Information about the consultation was made available through SITPRO's website and newsletter and was quickly passed to media sources and interested bodies across the industry. Articles were published in most print and electronic international trade publications and association newsletters such as those for the British International Freight Association and the Institute of Directors. SITPRO also approached the wide range of trade associations involved with its work, the Chambers of Commerce, the Regional Development Agencies and the regional offices of UK Trade and Investment. All these bodies cascaded information out to their members and networks in order to ensure that awareness of the consultation reached the widest possible range of UK traders.

The Consultation Process

The consultation process was, of necessity, very flexible. The strength of this review needed to be a focus on the issues as identified by business, rather than their responses to a pre-determined set of Government priorities.

The main consultation tool was a brief open-ended questionnaire that sought to help traders air their views freely and without prejudice. It was decided that respondents would be allowed to respond anonymously, should they so wish, in order to further encourage the free flow of ideas, issues and problems. The questionnaire was made available on the SITPRO website in an electronic form and as a downloadable document. Physical copies of the questionnaire were widely distributed at meetings and events during the consultation period. In order to support the questionnaire, a broader consultation document was developed which set out the scope of the consultation and provided relevant background information.

These questionnaire responses were supplemented by the responses to SITPRO's Ports and Borders review, a consultation previously announced by SITPRO which was due to take place during the same period.

In addition to responses to the questionnaire, SITPRO held face-to-face meetings with over 30 individual traders and intermediaries. As well as gathering new information at these meetings SITPRO took the opportunity to further clarify and validate issues that had been raised by at other points during the consultation process. Alongside these one-to-one meetings and in order to kick start the consultation process, SITPRO undertook a series of group meetings with traders arranged through key multiplier organisations. During the consultation period over twenty multiplier meetings were attended (see box-out) where SITPRO staff outlined the purpose of the consultation and attempted to stimulate an open discussion of some of the issues facing these groups of traders. These meetings ranged from presentations at previously scheduled gatherings or bespoke meetings of trade associations and other sector-specific bodies to conferences, HMRC advice days and UKTI business events.

In order to encourage this atmosphere of discussion about the issues amongst traders, an interactive issues list was created on the SITPRO website. This issues list was a rough and ready method of assessing what the current top issues were at any particular time based on user-generated content and responses. Businesses were able to contribute issues for consideration, validate other traders' concerns by stating whether issues raised were relevant to them and to take part in a moderated forum discussion on any matter of interest.

Alongside this consultation a specific study was undertaken by BIS looking at the clothing/footwear sector. The findings of this study can be read at www.businesslink.gov.uk/simplifyingtrade.

Responses to the Consultation

Over sixty detailed responses to the consultation were received in addition to a wide range of individual items of concern, comprising in total over five hundred individual comments on a wide range of issues. The consultation covered all the regions of the UK. Teams from SITPRO conducted one-to-one meetings and multiplier meetings in Scotland, Wales, Northern Ireland and England. In regions where survey penetration was thought to be weak, additional distribution of questionnaires was conducted through Chambers of Commerce, Trade Associations and Regional Development Agencies. Eighteen issues were listed on the SITPRO website where each item was ranked by the responses of up to 350 respondents.

Multiplier Meetings Held During the Consultation

- Automated Customs and International Trade Association
- British Exporter Association (BExA)
- British International Freight Association
- British Retail Consortium
- Fresh Produce Consortium
- GLE oneLondon
- HMRC Business Advice Days in Margate, Maidstone, St Albans and Swansea
- Intellect

- International Meat Traders Association
- Joint Customs Consultative Committee
- Multimodal 2009
- North East Chamber of Commerce
- Northern Ireland Exporters Association
- Scotch Whisky Association
- Seafish
- Society of Motor Manufacturers and Traders
- UK Trade & Investment SE
- UKTI Survive and Thrive Business Breakfasts in Maidstone, Southampton, Oxford, Reading and Gatwick

Validating the Consultation Results

Throughout the process, SITPRO attempted to validate the responses it received with as many companies as possible through the meetings held and the online response mechanisms. Finally, a few days after the consultation ended in June, SITPRO held a meeting as part of World Trade Week UK 2009 where it previewed a raw list of the issues that had been raised to a diverse range of business representatives. These delegates were presented with SITPRO's initial segmentation of the concerns collected during the consultation and provided feedback which suggested that the review was covering the right areas, from their perspective.

Limitations of the Consultation

The methodology adopted has its limitations. These limitations were identified by SITPRO's consultation team at the outset of the project and attempts were made to mitigate these issues as the consultation progressed.

Response Rate

Information about the consultation was disseminated widely, but filling out a questionnaire means an investment of time and a number of businesses approached declined to respond citing the lack of time and resources, especially in these times of economic difficulty. This reaction was anticipated and was one of the reasons that an anecdotal and open-ended questionnaire structure was chosen instead of a statistical survey which would have required a far greater response rate in order to ensure robust figures.

Knowledge

Respondents to the consultation were most likely to be those with a relatively high understanding of international trade issues, how those issues impacted their businesses and an ability to speak knowledgeably about procedures and regulations. This self-selection of respondents is inevitable in a consultation of this nature since they can appear to be addressing issues of a technical nature which less experienced individuals might feel unqualified to comment upon. SITPRO sought to address this issue through the multiplier meetings it attended, emphasising that perceptions of the process were equally valuable as they were still indicative of real issues, which could be mapped to specific procedures and regimes by specialists during the analysis of the responses.

Lack of Experience

While many of the respondents were highly knowledgeable, SITPRO was pleased to also receive responses from those with less experience in international trade. However, these responses created a greater analytical challenge as the cause of the concerns mentioned was often less obvious or based upon misinformation about the requirements. SITPRO addressed this issue by drawing upon the knowledge of its own trade procedures experts, specialists from other departments and experienced traders in the relevant sectors to identify the underlying concerns.

Timing

In any consultation, businesses are likely to respond based upon their most recent experiences. It was more likely that responses would be received from traders who were experiencing a particular issue at that point in time, thereby skewing the responses towards those particular immediate problems. However, the process of corroboration through meetings and follow-up questions served to manage this particular concern, while the lengthy consultation period ensured that topical media-led issues were less likely to have an undue impact on the final results.

Influence

The open nature of the consultation meant that many of the issues raised were then discussed at meetings and online to gauge a wider response. While this proved to be a useful way to validate the issues it did mean that certain matters could have received an undue statistical weight that was not reflective of genuine levels of concern. In order to mitigate this concern, when taking the issues forward for analysis, SITPRO focussed on an aggregated list of the issues rather than the relative response rates in each area.

Consultation Fatigue

Finally, SITPRO encountered a certain amount of cynicism when it approached businesses about the consultation. There have been numerous consultations addressing issues in this field over the years and more experienced traders were sceptical about whether this consultation would lead to changes where others had not. In these instances, SITPRO emphasised the origin of the review in the Pre-Budget Report from the Chancellor of the Exchequer, indicating that these issues were now being considered at the highest levels of the Government. This was a major factor driver that encouraged traders to respond to the consultation, although many respondents remained sceptical about what outcomes would be achieved.

Nature of the Consultation Responses

The consultation conducted by SITPRO was, by its nature, very wide-ranging in its scope. The original mandate for the review focussed on the cost of complying with international trade regulation, but the responses ranged far beyond the details of the regulations themselves. However, a number of significant observations quickly became apparent.

Removal of Regulations

There did not seem to be any demand for the removal or amendment of existing regulations. Respondents agreed and understood that most regulations existed for valid reason, which often actually protected their business interests, and consequently seemed happy that they remain in place. It became clear early in the consultation process that this realistic appraisal of the trading environment by respondents would mean that it was unlikely that opinion would coalesce around a few large marquee issues.

Implementing of Regulations

Although the respondents accepted the need for regulation, they had significant concerns about how they were able to comply with them. They wanted it to be as simple as possible to ensure that their businesses were compliant and conforming to the required procedures. The responses received called on government to reduce the business burden associated with compliance, which would result in resource and cost savings for businesses. This perspective is in line with current Government attempts to reduce the burden of red tape at the border through their better regulation agenda.

Consistent Application of Regulations

Respondents were keen to emphasise the importance of certainty to the stability of their businesses. Having taken steps to ensure their compliance they were concerned that their efforts should not be negated through inconsistent implementation across border agencies, at different ports or between different European Member States, especially when it came to the implementation of EU regulations. The overriding concern was that they wanted Government to be consistent and transparent in their application of regulations. This was an area where the concerns raised, by their nature were mainly anecdotal rather than systematic, but the potential for such inconsistencies is still a concern. In a small but a significant number of cases it was felt that this uncertainty had a knock on affect on the ability of businesses to plan just in time logistics and keep lower inventory levels and thus upon their competitiveness.

Operational Concerns

Reflecting the immediate concerns of the businesses consulted, most of the issues raised had to do with operational issues that affected their day-to-day activities. This strengthened the view that there were not significant faults with the regulations at the systemic level but that the areas for improvement would instead be found in how the regulations were implemented at the operational level. As a result, the over five hundred individual comments received covered the entire gamut of border process and at a relatively high level of detail, providing ideas for many smaller, but still important improvements that could be made.

Hidden Costs

Though the primary aim of this review was to examine the cost of international regulatory burdens very few businesses could, or were willing to, place a figure on how much time or money they were losing as a result of the issues they raised. This was not a surprising outcome as businesses tend to mainly notice costs at the point when they actually have to implement a regulatory change. After this initial period, it is only when a routine problem becomes a particular irritant that it will be raised as an issue of concern, but by this point many of the costs will be hidden.

In general, businesses try to cope and absorb the costs of any disruption purely because that is the most cost-effective thing to do. They do not have the luxury of dwelling on what government could do to improve processes or analysing the detailed costs of their processes, especially in the current economic climate. Systems are in put place and businesses learn to adapt. This is why very few businesses could actually cost the "irritants" that they faced.

This became abundantly clear when the consultation responses failed to raise the issue of security requirements. Previous studies by SITPRO had highlighted that the introduction of new security procedures was a significant burden on businesses, but the evidence received in this consultation made no mention of this. This may be because businesses have absorbed the costs and tried to reduce the disruption as far as possible to the point where it is considered part of the cost of doing business.

It is likely that the same process will take place with regard to the new regulatory issues that were raised during this consultation. Ultimately traders will comply and find ways to address the costs because they have to in order to stay in business. However, this highlights the importance of careful and considered implementation of any regulations at the outset while inefficiencies and threats to business success and profitability and ultimately competitiveness in overseas markets can be more easily identified.

The Big Issues

Although the responses received were very diverse in the regulations that they discussed and the Government agencies that were involved, ultimately the respondents seemed to believe that the trading situation could be enhanced if:

- Co-ordination between Government agencies was improved
- Communication between Government agencies and the trade were improved
- More thought was given to how implementation of regulations would impact on the trade at an operational level

The following chapters look at each of these areas in turn and describe the specific business concerns that were raised in each category.

Co-ordination

One of the biggest challenges in improving international trade efficiency in the UK is the large number of separate organisations involved in implementing regulations. The most significant single body in this area in the UK is HM Revenue and Customs but there are a large number of other bodies involved, particularly related to issues of plant and animal health. The level of co-ordination between these bodies at the border and in Whitehall can have a profound effect on businesses. Some efforts have been made to provide simpler ways for traders to interact with these bodies, but there are still many issues that were raised during this consultation.

The situation is further complicated by the role of Europe in the creation of regulations related to international trade, which then have to be implemented individually by Member States' Governments, including the UK.

Customs

Customs is the primary agency with regard to the movement of goods across borders. In this role it has to co-ordinate with other government agencies in order for goods to be cleared in a timely and efficient manner. With regard to co-ordination, two key issues emerged from the consultation process:

Lack of Co-ordination with Other Government Departments

Most of these concerns related to physical controls at the border and inland and the occasional duplication of checks by the different agencies involved, notably Defra. Lack of availability of staff at key times was a major issue. For example, although in certain ports Port Health are able to clear goods at the weekend, UKBA are not and this leads to delays in the release of goods.

There were also concerns that, with the creation of the UK Border Agency, checks would be carried out by staff without a background in Customs and that, additionally, immigration matters would take priority over the clearance of goods as the role of UKBA matured.

Lack of Systems Compatibility

At present, each Government department is responsible for developing its own computer systems to manage the procedures for which it has responsibility. These systems have been developed over a number of years without co-ordination and the resulting inefficiencies and duplications were highlighted by traders during the consultation.

Specific issues were raised regarding duplication of data between the main Customs system, CHIEF and the Export Control System (ECS). (This concern has since lessened since the inception of ECS). Lack of links between CHIEF National Export System (NES) and the New Computerised Transit System (NCTS) were criticised as causing the data in respect of up to 30% of consignments to require rekeying. NCTS in the UK was criticised as being laborious and insufficiently robust (though this is an EU driven system).

Some improvements have been taking place as part of the International Trade Single Window project (see below), but there were concerns about the rate of progress. For example, although the link between Procedure for Electronic Application for Certificates from the Horticultural Marketing

Inspectorate (PEACH) and CHIEF for HMI/FERA products is on course, the link with Trade Control and Expert System (TRACES) for products of animal origin is on hold due to budget constraints.

Other Border Agencies

Besides Customs, many other Government agencies operate at the port to control the movement of goods for a variety of reasons (see box-out). Respondents to the consultation highlighted the need for a coherent border strategy amongst the agencies that operate in this environment. This strategy would include a coherent UK border policy with regard to initiatives from Europe introducing import controls and policy decisions based on a stronger trade facilitation approach.

It was felt that the border process could be made simpler and more efficient if agencies were to co-ordinate their inspections better to avoid duplication and delay. These issues were seen to be compounded by the fact that the timings of inspections were not consistent with port opening hours. It was also felt that the timing of inspections should be linked to the nature of the goods, which was a particular concern for those transporting fresh produce and other perishable goods, where time sensitivity is a major issue. There were also concerns that the interpretation of rules and the conducting of documentary checks ought to be more consistent.

Regarding data co-ordination, a 'single window' approach to data entry was raised (as mentioned above). However, there were also calls for the required data to be more consistent between agencies and for greater sharing of data, including risk management profiles. Respondents wanted to see fewer individual data elements and reduced or simplified documentary requirements, especially with regard to veterinary and health certificates. In the case of the IT systems, more information on the management of occasional system failures was requested.

Border Agencies

The Food and Environment Research Agency (FERA) controls the import, movement and keeping of plants, plant pests, seeds and other material to help prevent the introduction and spread of harmful organisms.

Defra and the **Food Standards Agency (FSA)** have joint policy responsibility for imports of products of animal origin: the Defra are responsible for animal health policy (and imports of live animals) and the FSA are responsible for public health aspects (and food not of animal origin). At the border products of animal origin are checked at a **Border Inspection Post (BIP)** on entry which are staffed by local authorities (mainly port health authorities). **Local authorities/Port Health Authorities** also carry out checks on food not of animal origin and organic products. Live animals are inspected by **Animal Health** (an agency of Defra) at a BIP. Checks are also carried out in land to detect illegally imported products by local authorities and the **Meat Hygiene Service**. UKBA also play a role in this area, detecting illegal imports of products of animal origin at the border.

Most fruit and vegetables are subject to European Commission marketing standards. They must either be imported accompanied by a certificate of conformity or be inspected by the **Horticultural Marketing Inspectorate (HMI)** - part of Defra's Rural Payments Agency) who then issue a conformity certificate. Where possible, **Port Health Authorities** (established by local government authorities with responsibilities for health controls at sea and airports) are encouraged to carry out

joint examinations of products with HMI so as to reduce burden on importers and subsequent delays.

Trading standards (also established by local government authorities) work at airports and ports, checking that imported goods are legal. The **Forestry Commission** is responsible for performing plant health inspections on imports of controlled wood, woodproducts and bark and carries out inspections of wood packaging material such as such as packing cases, crates and pallets associated with goods of all kinds. The **Vehicle and Operator Services Agency (VOSA)** carries out approval inspections on imported vehicles.

Single Window

Modernisation of business practices was a key concern for many of the respondents with requests for more electronic exchange of documentation. This would allow data to be sent more quickly and efficiently and reduce the instances of rekeying errors.

However, they wanted to see these modernisation efforts coordinated across government departments. There were complaints that uncoordinated past efforts had resulted in separate Government IT systems for different declarations such as CHIEF (Customs), TRACES (the European system for animal movements and imports) and PEACH (fresh fruit and vegetables). There were concerns that some of these systems were better than others, with CHIEF singled out for praise compared to the offerings from other agencies.

Instead, many traders were looking for a 'Single Window' approach by Government which would enable better coordination of Government efforts and the sharing of a single set of data between departments.

The Traditional International Trade Single Window Concept

A Single Window is an electronic system that can dramatically simplify international trade procedures for both traders and governments. It is a tool that allows a business to submit each piece of data required by Government to clear import or export goods just once in a single place. The most commonly known definition is that of the World Customs Organisation (WCO).

A Single Window is a facility enabling the provision of standardised information with a single body to fulfil all import, export and transit related regulatory requirements. If information is electronic then individual data elements should only be submitted once.

The potential savings for both Government and the Trade are potentially huge and many countries around the world are actively working to develop such systems, including the UK. However, the broad definition of a Single Window encompasses numerous different approaches in terms of scope and operation and each country has chosen the approach that works best for them.

However, the current UK approach to developing an International Trade Single Window was criticised by some traders. There were concerns that the scope, approach and objectives of the

project had not been properly defined or explained. Others who had used the systems being developed by the project complained that while there might have been some benefits for government departments, trader needs were not being met.

On the whole respondents were supportive of the development of a Single Window in the UK, although sceptical about the Government's commitment to funding the project and doubted whether it would be achieved.

Europe

Many of the regulations impacting upon the UK international trade environment have their origin in Europe (see box-out) and respondents were critical of the way this work was co-ordinated and implemented.

European Rules

The vast majority of the rules pertaining to international trade do not originate in the UK, but from the European Union through "co-decision" (i.e. jointly by the Council –made up of ministerial representatives of the 27 Member States- and the European Parliament, with the European Commission acting as the driving force and executive body). Thus "Europe" and the impression of it as a juggernaut creating top down legislation without recognition of those it affects meant that respondents to the consultation were concerned that UK trade was not being supported, in fact hindered, by the legislative environment. At the heart of the matter was the low priority afforded to trade facilitation by the Commission. This stated fundamental problem was particularly highlighted by the amount of new regulation emanating from Europe which did not recognise, or fit, practice.

Concerns that were raised under the broad banner of the European process and co-ordination fell broadly into two camps: the European Commission internally and the UK's approach to it. There was deemed to be an uncoordinated approach to the development and implementation of cross cutting international trade policy and regulation both in Europe and the UK. The fact that officials did not work together, or at the highest levels did not cross reference policy positions, was a cause for concern to trade.

Respondents felt that the UK Government failed to understand what was being proposed by the European Commission and the impact on trade of these proposals. The UK's influence in Europe was also questioned and it was felt by some that the UK had little influence when proposals were first put on the table, which resulted in a lack of Europe-led developments that benefited UK industry. An example given was that because the UK had not been assertive enough and protected existing facilitation, new Customs legislation had undermined those existing simplifications. The UK Government's own internal lack of co-ordination in relation to Community lead processes and an overall international trade strategy could have contributed to the UK's lack of weight with both the Commission and other Member States in negotiations.

Within the European Commission, the lack of a joined-up approach by the Directorates has resulted, on more than on occasion, in the policies of DG TAXUD, TREN, SANCO and/or TRADE being in conflict with those of one or other related DG. An example given was, DG TAXUD's data

requirements contradicting DG TREN's policy to extend short sea shipping (and thereby getting lorries off of the road). The stated over burdensome nature of EU legislation can also be attributed to this elemental problem. The same working methods were also seen to exist in the UK and thus an opportunity to mitigate the deficiency in synergy has been lost.

Communication

Greater co-ordination of Government activities is undoubtedly an important step towards improving the international trade environment in the UK. However, all those efforts would be for naught if businesses were not kept informed about the regulations and their responsibilities. Unfortunately, the consultation highlighted the fact that the messages from the Government are not always clearly reaching the whole trading community and that information from the trade is not always being considered when decisions are made.

Customs

The Joint Customs Consultative Committee (JCCC) received a mixed press during the consultation. While it was recognised that it is a valuable forum for discussion between the trade and Customs, it was felt that it is not always representative of the wide spectrum of international trade business. Respondents felt that there needed to be wider dissemination of information that currently goes to JCCC members only. It was suggested that timely information should be sent to all businesses engaged in international trade via a regular newsletter such as those produced by BIS and their Export Control Organisation (ECO) or via e-mail alerts.

Trade Communications with Customs

HM Revenue and Customs has a variety of mechanisms in place for communicating with the trade. These include formal consultations, the meetings of the Joint Customs Consultative Committee (JCCC) and its various sub-groups and Customs Information Papers (CIPS). Additionally bi-lateral meetings are held with trade on specific issues and International Trade Development Liaison Officers provide advice on forthcoming changes.

The main sources of Customs advice are the National Advice Service and the HMRC website together with a range of Customs Notices covering all aspects of Customs procedures. The Tariff is available on the BusinessLink website and there is also a Customs Tariff Helpline.

The provision of advice on Customs issues was seen as complex and inadequate. With regard to the National Advice Service (NAS), some respondents felt that it was not a good source of information as staff appeared to be lacking in any real knowledge of the issues and to have no scope to refer more detailed enquiries to experts. A tendency to quote from Public Notices rather than answer specific questions was cited.

It was felt that the NAS and the creation of the National Clearance Hub had resulted in the loss of experienced and knowledgeable International Trade Officers at the local level. It is therefore difficult to get advice in emergencies. The lack of personal guidance was also criticised with regard to the email advice service which only sends out automatic replies.

Regarding online advice, it was felt by some respondents that the HMRC website is difficult to navigate. One suggested improvement was that guidance should be attached to the forms to which it relates to make it easier to find. While the BusinessLink website was considered to be better, it was seen as poorly advertised and little known. The online tariff on the BusinessLink website was also criticised as incomplete and out of date.

It was evident that many of the comments received during the consultation pointed to an imperfect understanding of the Customs environment. These 'incorrect' issues could be dismissed on the basis that the systems they criticise do work, but they do indicate that there is a need for HMRC to improve its communication and education with business. Large businesses have a dedicated unit to which they can address their queries. A similar service is not offered to SMEs, which are probably the businesses that need most access to help and advice

Other Border Agencies

The issue of improved communication was also highlighted in issues related to the port environment. Respondents felt that delays could be avoided and the process simplified if there was more clarity about what the rules were and in what circumstances the rules applied.

The flow of information to the trade especially when it came to the introduction of new rules and regulations was identified as an area for improvement. Respondents argued that if agencies communicated the information in a more timely fashion it would go a long way in reducing uncertainty, which is one of the biggest enemies of businesses. They argued that traders were most affected when new rules were advised and then deferred or altered significantly. Early awareness raising regarding forthcoming changes was seen as being of fundamental importance.

Better dialogue and communication between Port Health and the trade was seen as desirable and it was suggested that they should publish notices and have an updated website. It was also felt that better communication amongst border agencies would reduce confusion and delays. There was seen to be fragmentation and lack of accountability and communication between different Government departments and agencies involved in the importation procedures, for example RPA, FERA and Port Health.

Generally, there seemed to be lack of understanding about what each border agency does and who to contact when things went awry. The reasons for certain requirements were not always properly explained, for example the requirement to apply for licences for certain products like apples. It was suggested that a point of single contact would be useful, especially when things went wrong and when clarifications on procedures were needed.

Europe

A key complaint brought out by the PBR consultation was that UK Government and the EU Commission did not communicate well about proposed/ upcoming Community legislation. Trade were not informed about information that affected them and thus they saw the benefit in an "early warning system" for EU legislative proposals. Additionally, it was stated that third countries were not satisfactorily educated about the implications of EU legislation on them. An example given relating to the latter was the Customs' safety and security procedures, in particular the Import Control System for pre arrival information.

The ineffectual consultation by both bodies was highlighted by industry. Neither the UK nor the Commission communicated or consulted with the trade early enough in the process on proposal and the consultation that took place was deemed to be with selected parties, not with "real" and small business. This lack of communication with traders was also highlighted by some of the misconceptions raised during the consultation. For example, it was suggested that other Member

States used their "veto" to protect their home markets whereas the UK does not, which is inaccurate due to Europe predominately having competency in this area.

In conjunction with the need for better coordination between Member States, the need to improve communication between them was also stated. Communication will assist in overcoming the incongruence displayed too many times procedurally, developing pan-European best practice and Member States' understanding of the each other. Thereby not only will traders' be met with a more indistinguishable experience at the border but future legal developments will also benefit. Coordination and communication across the countries of the Union would also benefit from improved connectivity, for example through electronic rather than paper-based documents.

Export Control

Export Control Licences

The issue of export control licences can be the subject of some confusion. Although it is not clear from their name, these licenses only apply to very specific types of goods, linked to their possible military application.

The granting of export control licences is a sensitive subject underpinned by serious regulatory objectives designed not to allow the wrong goods (military and dual use or covered by the Weapons of Mass Destruction end use control) into the wrong hands. This requires extensive risk analysis, which can take time. This is bound to be a concern to the trade whose export business is often time critical.

In the UK, licences and matters related to their issue are handled by the Export Control Organisation, a part of the Department for Business.

The Export Control Organisation (ECO) was one body where respondents particularly requested improved communication. Despite evidence of a desire to communicate with traders, there was concern that ECO should do more to raise its own profile and that generally of the need for export licences for certain products and destinations, possibly through better use of BusinessLink.gov.uk, Chambers of Commerce and other channels and media. There were also concerns that existing efforts were too concentrated on the Home Counties and that the communications that existed should be tailored, especially for SMEs.

At the more detailed level there were concerns that traders should have better access to plain English guidance, that there were consistent definitions between UK and EU legislation and that there should be a one stop shop where all controls on a specific product could be obtained in one go. At the other end of the spectrum it was considered that ECO should improve its handling of enquiries and that while the Help Line had been reinstated that it should help traders get behind the guidance on the web site, not simply repeat it, which might require more intensive training for those answering the calls. Better feedback regarding the reasons behind licence application problems was also requested.

Advice and Education

One significant concern among respondents was the level of knowledge and skill held by those practicing either as traders or as trade service providers. Greater emphasis on training was

requested in most areas with Incoterms, Letters of Credit and standard documentation being highlighted as particular areas of concern.

Other concerns raised included the fact that it was not easy to identify appropriate training, that the cost of courses was often high and that their quality varied considerably. Previous schemes to accredit short courses in international trade have fallen into abeyance and consequently there is no reliable list of appropriate courses for traders to refer to.

However, respondents also indicated that alongside short courses they wanted to see more resources put into long-term education in international trade. In the past there were vocational qualifications in International Trade and Services, but these ceased in 2005 and have not yet been replaced by new accredited qualifications (although some work has been done towards developing them). The low priority given by government to international trade apprenticeships came in for criticism alongside concerns that the logistics industry was not being promoted as an attractive career path, resulting in a lower quality of entrants to the industry.

Alongside education, easy access to advice from government at point of requirement was seen as a vital service for traders. In addition to comments about the services offered by specific departments, a number of general points were raised. While there was some appreciation of online services such as the BusinessLink international trade section, concerns were raised that these only provided information, not knowledge, and that interactive engagement over the telephone was often more useful to businesses.

The area where traders felt advice services were most needed was regarding changes to regulations. Keeping up with new legislation and its implications at a national, European and international level was seen as a significant problem as was acquiring information about changing systems to meet new compliance requirements.

Generally, many of the consultation responses tended to indicate that compliance problems were more often caused by lack of knowledge and guidance than underlying problems with legislative implementation or any specific intention to avoid compliance.

Implementation

As discussed earlier in this report, underneath the broad principle raised in the consultation responses there was a significant level of detailed comment on specific procedures and their current implementation. Some of the issues raised were due to misunderstandings (as highlighted in the preceding chapter on Communication) and others related to very specific cases where systems failed to work as they should and have since been fixed. However, the responses in this section generally highlight the need for ongoing operational improvements based on trader feedback.

Customs

Compared with many other countries the UK is seen as having a very facilitative approach to Customs. However the consultation did raise a number of issues relating the complexity of certain customs procedures and the need for the simplification of rules pertaining to areas such as origin, valuation and tariff classification. Other issues in relation to implementation concerned the on-going requirement for residual paper documents in an electronic age. The implementation of the Modernised Customs Code (MCC) was seen as a backward step for facilitation as harmonisation at the lowest common denominator seems to be leading to a subsequent loss of national simplifications that have worked well for both UK Customs and UK trade alike.

Customs Procedures

Inward Processing Relief (IPR) and Outward Processing Relief (OPR) in particular were criticised by respondents for being too complex to be understood and adopted in practice by traders. It was suggested that clear advice is difficult to obtain and as a result many have to resort to employing consultants to carry out these procedures if they want to derive the benefits from them. The procedure for goods entered to import reliefs is onerous as it involves having to enter them to the export procedure and then to the transit procedure to prove exit for indirect movements. IPR was generally felt to be complicated and time-consuming to apply for with the costs outweighing the benefits for small traders.

Although physical inspections by Customs are soundly risk based, where they do occur, respondents reported that they had experienced difficulties in getting goods cleared because the clearance procedure is not well understood by UKBA or the trade as these inspections are now so infrequent.

The move to a central National Clearance Hub was felt to have worked well with service levels having improved since the inception of the NCH. However, there were reports that the NCH is less effective out of 9-5 working hours. Although the average turnaround time for processing of documents and clearance can be very quick there are still significant variations in processing times. Additionally the NCH still relies heavily on faxed documents as the email system was not set up to accommodate large scanned documents.

Audit based controls at traders' premises were reported as still being time consuming, although having good systems in place makes for a smoother process. Data must be kept for 6 years for VAT purposes and although software suppliers provide systems that are web-based and which can provide remote and 'read only' access and reports, HMRC auditors rarely take up this option,

preferring paper documents instead. Greater use of the CHIEF MSS data should be made by HMRC prior to performing audits.

Other Regimes

Other regimes related to the work of HM Revenue and Customs were also highlighted by respondents to the consultation. However, fundamental changes to these regimes can only be achieved at EU level.

Classification

Wholesale simplification was seen to be needed for the classification of goods. Although the Tariff Classification Helpline provides a high standard of customer service the decisions are not legally binding and can be revoked. In spite of Binding Tariff Information (BTIs) classification is not aligned with other Member States and Customs was seen as being too strict on misclassification errors even when no duty was at stake. This was perceived as leading to trade diversion with businesses choosing to move their activities elsewhere in the EU such as Rotterdam where it is deemed that advice is clearer and more certain.

Valuation

Unlike the United States the UK uses CIF which increases dutiable value. However, this is harmonised across the EU and there are no plans to change it. Trade marks and royalties add complexity. Valuation of goods for Customs purposes is also complicated by the fact that HMRC and Defra work to different parameters basing their calculations on consignments in one case and on commercial units in the other.

Rules of Origin

Although Customs produces a number of notices to guide the trade on this topic, preferential and non-preferential rules of origin are still felt to be very complicated, often obsolete and too dependent on 'one-for-one' documentation. Validation of EUR1s has now been outsourced to the Chambers of Commerce and so involves a cost whereas previously it was free. The option to use HMRC staff in Salford to authenticate EUR1's still exists, though may be viewed as impracticable..

Modernised Customs Code

Export Control System (ECS), Import Control System (ICS) and EORI

Respondents felt that there had been inadequate consultation during negotiations before implementation of major initiatives. A key complaint was that although the deadlines for implementation remained in place, delays to the publication of the technical specifications left little time for trade to adapt their own systems. The situation was further complicated by different rules for air and maritime environments. Europe had played a significant role in these delays.

Authorised Economic Operator

Although respondents were of the opinion that AEO status will become a necessity in the future from a branding point of view in a secure supply chain, they did not see any obvious benefits

currently. There is for example no direct read across to C-TPAT. Those who had already signed up to AEO found the application process to be complex, costly and long winded because no credit is given for existing authorisations. Respondents also mentioned issues regarding misuse of AEO status by the Commission as a mandatory requirement for other non-Customs areas such illegal, unregulated and unreported fishing (IUU).

VAT and INTRASTAT

Concerns were raised by respondents about how to obtain proof of export for VAT purposes which can be difficult. Additionally the rules relating to place of supply were felt to be complex with the need to register in other Member States where thresholds vary. There was also a strong call for VAT postponed accounting to be reintroduced.

Customs and Excise Management Act (CEMA) 1979

CEMA is the main UK based legislation governing Customs powers though EU Law confirms Customs procedural law. CEMA still affects all importers and exporters. The creation of the UK Border Agency (UKBA) has required new legislation to be drafted and this, combined with other factors relating to the merger of HM Customs & Excise with Inland Revenue, means that new UK Customs legislation is intended to be in place by 2012.

As part of the overhaul of CEMA respondents noted that they would like to see, among others, the following provisions:

- A clear statement that CEMA does not apply to ports operating on intra-EU routes.
- A review of the compulsion on ports to make available trader provided facilities (TPF) and a clear understanding of business needs both with regard to occupying prime operating space at considerable cost and also with regard to business planning for future port development.
- Modernisation so that sections that are no longer relevant are excluded, such as approval of wharves and local port approval.
- Harmonisation with other legislation that affects business such as VAT. For example, CEMA specifies records should be kept for 4 years while VAT regulations specify 6 years.
- An acknowledgement that traders want fewer people to open freight and a system of stamped documents to prevent unnecessary intervention and help ensure a secure supply chain.

Other issues

As well as these regimes where there were a number of issues reported, respondents also identified individual issues in a number of other areas.

- The merger of tax and customs in HMRC was perceived to have resulted in tax issues predominating over customs matters

- Respondents wanted to see a more flexible approach before raising Customs debts to CPEI goods when proof of export/receipt can be demonstrated.
- It was pointed out that importation of flight simulators is subject to VAT (unlike elsewhere in EU where they are treated as educational items).
- Eligibility for SIVA (reduced security scheme) is restricted only to very large companies. This was seen as being unfair to companies, including some large companies, who have been told they cannot join the scheme and so benefit from things such as guarantee waiver for community transit movements.
- It was felt that the policy was unclear as to treatment of importation of yachts into EU and that it needed clarification.

Other Border Agencies

The overriding theme from the responses was that while operations and ports were generally acceptable there could be areas where the border agencies could implement the regulations in a more efficient and transparent manner. Quite often the problems faced by port users were to do with the way regulations were implemented, not the regulations themselves.

In the end the trade simply asked for a regime which was consistent and did not add to the cost of compliance because of patchy implementation at the border. More consistency could help in lowering inventory levels, reducing costs and increasing compliance.

In particular the respondents pointed to ways in which the regimes could be improved:

- A more consistent application/interpretation of rules and documentary checks. This was a recurrent theme and focussed on the perception that importers of perishables were less likely to have their consignments rejected (or even destroyed) for failing veterinary checks if imported via other EU Member States compared to the UK.
- Reductions in the requirements for pre-lodgement of documents (especially veterinary and health certificates) which can tend to be excessive.
- The co-ordination of inspections avoiding multiple, uncoordinated inspections, conducted at different times by different border agencies causing delays.
- Reduce clearance times by consistently clearing consignments at weekends in line with 24/7 business operations (a problem at certain ports) reducing the risk of deterioration of fresh or perishable produce.
- Clarifying the regimes regarding Defra checks on intra-EU trade, which currently risked trade diversion to European ports alleged to have easier access.
- Increased reliability of IT systems that form part of the plant and animal health declarations process, with sufficient information on back-up arrangements/support-strategy for down time.

- Provision of weekend and evening technical support for Defra import systems.
- Consistency in the approach to charging for inspections as currently different Port Health Authorities applied varying charging regimes. This lack of consistency across port health authorities caused uncertainty for traders.
- 24 hour operation of border agencies to match 24 hour business practices.

Europe

There was a perception among respondents that UK over-implementation of European legislation had led to excessive costs. One example given was in relation to UK requirements for the disclosure of diseases which were not required to be notified by the World Organisation for Animal Health, whereas it was noted that other Member States applied the spirit of the legislation not the letter of the law, to some an indication that the UK was less supportive of its home market.

According to some respondents, the border was perceived as being virtually invisible in other Member States. In comparison, the UK Government and enforcement agencies were deemed to have undermined the Single Market by imposing controls and formalities on goods arriving at the UK border from within the Community. This was highlighted in the example given of goods originating from EU-certified factories that were still held up at the port.

The majority of the comments about Europe related to the border agencies. These issues, which have also been addressed in other areas of the consultation response, included:

- The high cost of setting up and maintaining border inspection posts to the exacting standards set by Brussels inspectors, which was borne by the private sector.
- The upfront investment necessary to obtain, and the conflicting lack of perceived benefits under, the Authorised Economic Operator status.
- The disparity of approach across the Union on Customs' systems, in particular Export Control System and Import Control System and the potential trade diversion to the "softer" Member States.
- The need for a continued reduction in duty rates.
- Over burdensome EU rules particularly relating to environment and health.
- The establishment of Customs regulations without due consideration of trading practices and not fitting practical situations.

Export Control

Additional Consultation

In addition to the general consultation conducted by SITPRO, which was broadly based on stakeholder process experiences, the Export Control Organisation (ECO) separately engaged consultants to conduct a very specific and much larger study into compliance with the rules. The

impressions of respondents to this consultation of ECO, the levels of understanding of export controls and compliance were on the whole very positive but it is clear that a number of the concerns expressed to SITPRO found resonance with some of the individual responses to the ECO survey. The results were relevant to the PBR process and placed in a wider context the nature of the comments made to SITPRO and the issues raised.

SITPRO's consultation results related to export controls were based on approximately 40 instances of reported practical experience which, while they were not all negative, were often in relation to specific applications for a licence where difficulties of one sort or another had been encountered.

The concerns raised by correspondents were focussed around a few key areas of implementation.

Time Delays

Lead times for the processing of licences were criticised as being out of step with commercial realities, for being significantly longer than in some other EU member states (3/5 working days as compared to 30) and for being outside of the ECO's own target processing times. However, it appeared that these criticisms related in the main to specific cases involving sanctions countries or other sensitive destinations or instances where there may have been late realisation that a licence was needed. Overall it was clear that ECO's performance on processing times has been improving and that delays are often introduced by other Government departments which have to be consulted.

It was suggested by some respondents that the processing clock returned to zero if and when ECO asked applicants for clarification of additional information. However, in reality the clock is stopped until ECO receive that further information.

Classification

The use of the term classification is a misnomer and leads to confusion between tariff classification and the determination of whether or not a product is licensable or not. ECO publishes the Strategic Export Control List enabling business to "rate" its own products, there is also a web based "Goods Checker", although this does not include controls imposed by sanctions, and a free "Rating" advice service for determination of more technically difficult goods. In addition there is an OGEL checker to check whether specific goods, software and technology are covered by an OGEL. This range of identification measures present opportunities for rationalisation and it is clear from some of the responses received that awareness of these tools needs to be improved among traders.

Process

The main issue raised was making SPIRE (the electronic system for processing strategic export licence applications) easier to use. It was noted that the same information has to be input several times and that a multiple choice approach or copy and paste option should be provided. It seems that there is little awareness that users can create their own templates in SPIRE and can copy information from previous applications. Traders can also reference previous applications if the relevant technical data has already been provided in respect of those applications (although ECO's guidelines suggest otherwise). More generally while each case is reviewed on its merits, ECO maintain that previous applications at least inform the assessment process.

There were suggestions that applications should be assessed variously on the basis of the applicant or the country of destination whereas in fact a range of factors are taken into account including the recipient country, the identity of the end-user, the nature of the goods and the proposed end-use and the risk of diversion.

There was a specific proposal that the Single Individual Export Licence (SIEL) threshold level for making applications for Open Individual Export Licences (OIELs) should be reduced. Current ECO guidance says that applicants must make 20 applications for an SIEL each year before being considered, in practice the guidance may in fact be less rigidly applied. OIELs are valid for 5 years with no restriction on use and are attractive to those undertaking repeat business but are discretionary and the application process is more involved than for an SIEL. At the other end of the scale there was a call for licences to be consistently either permission (SIEL) or policy (OIEL) based.

Finally there were concerns about where UK companies sell to overseas distributors and the need to obtain end-user certificates.

Business Practices

Respondents made a number of comments relating to the length of time in obtaining the appropriate certification for exports. Whilst experienced traders tend to understand the procedures for obtaining the necessary certificates and are able to utilise to their fullest extent the speedy turnaround times offered by certifying bodies like the London Chamber of Commerce, new or inexperienced trader tend to experience a steep learning curve in which delays are common.

A related area of concern raised by respondents was the cost of the documents related to international trade. These decisions are made on a commercial basis by the suppliers of the documents, but the development of electronic documentation was seen as a key driver for bringing down costs. Respondents were also keen to see the promotion of electronic documents throughout the supply chain in order to increase efficiency and the speed of transactions.

Trade Suggestions and Other Ideas

Respondents were keen not just to criticise current practices but to suggest practical ways in which the international trade environment could be improved. They were particularly keen to discuss the ways in which increased benefits for AEOs and the International Trade Single Window could reduce the burden on businesses. However, a range of other suggestions related to a wide range of regimes were also mentioned.

AEO Benefits

Regarding the Authorised Economic Operator scheme, respondents were divided in their opinions. While most respondents argued that AEO accreditation was not an attractive proposition at present there were others that thought it was a necessary step towards improved compliance.

The argument against becoming an AEO centred mainly on the cost, the lack of clear benefits and the complexity of the process of accreditation. On the other hand other respondents argued that if handled properly then it could become an excellent cross-industry standard encouraging compliance and more professionalism within businesses. Indeed some argued that undertaking the AEO accreditation process was simply good corporate practice and in a sense brings together trade compliance issues and regulations (which have to and should be implemented in any case) into one streamlined process.

There were suggestions regarding how becoming an AEO could be made more attractive and there were ideas on increasing the benefits for traders. The argument was that there is little chance of changing things at the EU level but that it might be possible for HMRC to add more benefits which recognised and rewarded the "trusted" status of those businesses who became accredited?

These suggestions included:

- Mutual recognition of matters already proved in acquiring one status. For example, where aspects of AEO qualification mirrored those requirements for obtaining IPSS status. In this way, traders would not be required to prove the same thing twice. AEO status could also make other accreditations more readily obtainable, such as ISO 28000.
- Accreditation of all Regulated Agent or Known Shipper statuses. It was suggested that auditors should do more to take existing authorisations into account and it was alleged that there was clear distrust between the HMRC and DfT auditors.
- Use of external accreditation bodies for consistent and speedier AEO audits (not decision making).
- Fast-tracking at borders and quicker clearance including fewer physical and documentary checks
- Favoured status in Government procurement processes.
- 'Named' contacts at HMRC available to AEO accredited traders and the provision of a resource within HMRC which could provide binding advice on procedures possibly on a cost sharing basis.

- Postponed VAT Accounting for AEOs.

Single Window

As mentioned earlier in this report, one development that respondents to the consultation wanted to see was the introduction of an International Trade Single Window system in the UK. However, there were concerns raised about the direction and viability of the current project. With this in mind, during the consultation period SITPRO worked with interested parties to identify what the most appropriate approach for achieving a Single Window for the UK would be.

Traditionally single window exponents have promoted the concept of a large central government IT system to which the trade makes submissions. This would either contain all the different regulatory mechanisms required or act as a central hub pushing data to and receiving data from individual departmental systems. This hub approach has been adopted for the project currently under development through the BusinessLink programme in the UK.

However, a large government IT project requires an extensive funding commitment, which the project team have, as yet, been unable to secure. Concern that government would not commit the necessary level of funding was one of the main reasons that consultation respondents were sceptical about this project.

As a result SITPRO, working with the managers of the current Single Window project, has developed an alternative concept that would deliver the benefits of the Single Window in a more manageable structure. It proposes a phased implementation in order to minimise expenditure and disruption to existing services. The new International Trade Single Window concept is a set of interface specifications for the interaction between government and trade systems, instead of a large central system. This would devolve the development of interface systems to the business community so that they can build a variety of interfaces in commercial competition to meet traders' needs and working practices. It also suggests that the government take advantage of existing trade systems, such as those offered by the Community Systems Providers and that the government make arrangements to pull data from these systems when it is required instead of expecting traders to know what data to send to its systems.

The New Concept Model for an International Trade Single Window was presented alongside the consultation results for consideration by government and is being published alongside the Government's PBR report and action plan.

Other Specific Suggestions

- Revive the JCCC Procedures & Legislation (PLG) sub-group to air EU proposals as early as possible
- Involve software suppliers in the systems design and to assess the cost and impact for trade of IT changes
- Complete impact assessments much earlier in the process, with the assistance of trade representatives
- Consider joint funding initiatives for simplified working practices

- Make more use of roadshow events
- Use the Community Service Providers more as an interface between HMRC and traders
- Look at segmentation of advice to meet needs of different levels of expertise
- Provide timely information to all businesses engaged in international trade (not just JCCC members) through a regular publication similar to those produced by BIS and ECO, and/or through e-mail alerts
- Make customs notices more accessible and understandable by using layman's terms instead of quoting the law
- Provide a directory covering HMRC and Defra and/or direct access to an HMRC officer with expertise in a specific trade sector.
- Carry out a root-and-branch review of the BusinessLink and HMRC websites to ensure that all the information for each issue is in one place and up to date
- Append guidance to forms and give clear examples
- Give CHIEF access to Outward Bound (OB) offices at airports
- Schedule small adjustments to import entries on a monthly basis, extending Type E warehousing to defer duty payments until goods are ready for use
- Examine key EU ports (e.g. Rotterdam) to identify best practice that could be emulated in the UK
- An on-call facility from the UK Border Agency that traders could pay for if they wanted goods cleared urgently
- Re-introduction of VAT postponed accounting
- A system for Customs approval of software suppliers

Addressing the Issues

Following the conclusion of the consultation period in June, SITPRO and the various government bodies engaged in the project undertook a period of detailed analytical work to identify issues that could be proposed for inclusion within the action plan to be announced in the Pre-Budget Report 2009.

The Scope of the Government Report

The Government action plan and report that have been published are focussed on the major steps that Government departments can take to improve the trading environment. One consequence of this is that not every issue raised during the consultation and highlighted in this report will be directly addressed in this way. However, every concern that was identified by respondents has been considered.

There are four main reasons why individual issues have not been addressed in the report.

Isolated and Resolved Issues

Some of the issues raised referred to a specific event or situation in the past and it was determined, after a careful review of the evidence, that the problem had been resolved and that no further action needed to be taken

Issues Requiring Minor Alterations

Some of issues raised which were related to specific procedures were felt to require small changes to the operating procedures within specific departments. These actions, while hopefully creating a positive cumulative effect on the trading environment, were not considered to have the major impact that was desired from actions to be announced within the Pre-Budget Report. However, all these issues are being considered within the appropriate departments as part of their efforts towards service improvement.

Issues Where Further Research Required

Some of the issues raised that highlighted areas for significant improvement could not be included within the Government report due to the timescales of the publication. In these instances further research is required to quantify the problems and identify the most appropriate remedial course of action. These areas of further research will be examined by the relevant bodies, including SITPRO (see Next Steps below) so that appropriate steps can be recommended in the future.

Issues Outside the Control of Government Agencies

Not every issue raised during the consultation was related to regulations and practices under the control or influence of Government departments. Most of these issues were related to business practices or to decisions made at a European level. The Government still hopes that progress can be made in these areas and plans to work with the relevant organisations to achieve the desired improvements.