

SITPRO



Single Window Report



International Trade Single Window and Potential Benefits to UK Business

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SITPRO

Simplifying International Trade

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Executive Summary

- World wide, countries that are UK trade competitors have International Trade Single Window (ITSW) programmes, where these have been implemented there is evidence of significant cost savings and efficiency gains for both business and government.
- Whilst Singapore provides a good example of the scale of the efficiencies and savings that can be achieved by using ITSW, it must be acknowledged that the UK already has a relatively sophisticated electronic environment for capturing and utilising data relating international trade movements. Here, a major benefit of ITSW will be as the platform which ensures joined up government, a uniform approach to modernisation and that the demands of future legislation and changing government priorities can be met efficiently and without disruption to international trade activities.
- Security is becoming of strategic importance to all aspects of international trade. As a facility for capturing and disseminating data supplied for normal international trade procedures ITSW is vital to the efficient implementation of measures to provide higher levels of screening and tracking of shipments for security purposes, for better co-ordination of checks and for the selective targeting of goods in emergency situations, e.g. health concerns, without requiring duplicated information or the development of another stand alone system.
- Fragmented procedures, which use a mixture of electronic and manual formats and varying data sets, are key weaknesses within the existing system. For certain goods, including many food products, traders still have to interface with a range of government departments and agencies, in order to satisfy legal requirements and/or acquire the relevant authorisations, permits, and licences. Without ITSW, there is a real danger that any new controls will simply add to this disjointed approach.
- It will encourage the development of a single systems approach by government, thereby reducing the cost to business of interfacing with a wide range of departmental systems. Looking at the problem simply in terms of the cost of supplying data and obtaining authorisations it has been calculated that the savings to UK businesses from having a single window facility could be between £160m - £190m.
- ITSW can help encourage businesses into international trade activities and reduce inadvertent non-compliance by providing a one-stop shop for access to all international trade information, currently scattered across a number of different government department web-sites and help lines, and provide a source for pre-populated forms.
- To realise the full potential of a single window project there must be a commitment from the highest levels in Government and the active involvement of all stakeholders, including the business community throughout the design and development stages.

Summary and Conclusions

The most compelling argument is that the UK must have systems which have been designed to cope with the demands of future legislation and new ways of working. In particular there is the relevance of an ITSW to the commitment to higher levels of security vetting on international trade shipments. As noted elsewhere, within the EU provision is being made through changes to the Community Customs Code for mandatory pre-shipment notifications so that consignments can be vetted and where appropriate intercepted at the external borders.

These proposals mirror developments in the USA where a trial covering 7 entry points started in November 2004 using an e-Manifest system to capture information on road consignments prior to their arrival at the border. Traders are required to submit manifest data no later than 30 minutes before arrival, either through a web based secure data portal or a Customs approved Electronic data Interchange. The screening controls incorporate information from several agencies.

However, the difficulty for this study and, it must be said, for other similar attempts to put a value on the potential benefits of a ITSW are twofold. Firstly, business is dynamic, it has found ways of coping with the existing trade environment. It has invested in systems and procedures which are designed to deal with the world as it is however much it may be aware of what might be done to improve matters.

Secondly, as far as the UK is concerned, ITSW is as yet a concept not a proposition, and even then a concept that is not widely understood. Against this background it has been found as equally productive to get trade views on where there is scope for improved international trade facilitation as extrapolating from cost figures with wide variations.

Understanding where businesses experience real problems in their trade activities has not just been valuable in pinpointing what needs to go into the ITSW design. It is also an important key to identifying what deters companies from becoming involved in international trade or why they feel the need to outsource dealing with all or part of the regulatory aspects.

In this context ITSW should be seen as the potential mechanism for delivering a package of benefits and not just an electronic data handling system. It could, for example, be used to provide a one stop information shop for all aspects of international trade regulation bringing together advice now scattered across a number of different government sites and it could offer pre-populated forms.

Fortunately it is these type of fundamental questions about what a UK ITSW needs to include that are now being addressed, alongside those issues identified by Gurses¹ as pre-requisites to further progress, through the work now being undertaken by the

¹ SITPRO International Trade Single Window Cost Benefit Study (Gurses)

business.gov team and referred to in the introduction. There is no question that a UK ITSW needs to be considered very seriously in the light of its benefits and new issues as quickly as possible.

But the case for a single window environment in the UK does not rest solely on economic or efficiency gain factors. Gurses projected annual savings of £190m to UK business and £35m to Government extrapolating from a US study. This report posits benefits of £163m to business on the narrower measure of 30% savings on existing data submission costs with around 80% of this figure representing year on year cost reductions. Although these figures are inevitably hypothecated it seems indisputable that ITSW has the potential to deliver benefits for UK business and government, even if it needs to be further defined and designed for these to be properly quantified.

Nor is it simply enough to point to the fact that around the world more and more countries have recognised that an ITSW system is imperative to ensure competitiveness in global markets and reconcile higher levels of risk based controls with trade facilitation. A key example being the major contribution made by Singapore's ITSW to intercepting cargoes that presented the risk of spreading Avian flu.

A further significant weight in the scales is the EU's stated commitment to achieve a harmonised electronic approach to international trade controls and procedures. This is set out most clearly in the Multi-Annual Strategic Plan for eCustoms², in effect the vision is for a Community single window and, in itself, becomes an argument for the UK, as a leading trading nation, being at the forefront of this evolution.

Then there is the undeniable need to ensure that the UK remains an attractive business friendly environment that promotes and encourages companies to use it as their base for international trade operations.

Taken together the above factors combine to make an incontrovertible case for a UK ITSW to be given the most serious consideration by government. The fact that this work is now largely under way is a measure how far and fast ITSW has moved up the priority agenda in the past 6 months. Although it would be inappropriate to pre-empt the outcome of the extensive analysis now in hand it is perhaps right to conclude by emphasising the importance of closely involving the business community in the detailed planning that will be needed to turn the UK's single window from a concept to a mutually beneficial reality.

² Draft eCustoms vision statement and multi-annual strategic plan – Directorate-General Taxation and Customs Union, European Commission (TAXUD/477/2004 – Rev. 3)

Introduction.

This report is the result of a research study commissioned by SITPRO. The key objectives being to identify those areas which would yield the greatest cost/ efficiency gains from the implementation in the UK of International Trade Single Window (ITSW) system and to note where there could be obstacles or disadvantages.

It was also seen as vital to look forward and try to identify future changes which might influence the case for having an ITSW environment with particular regard to proposals for pre-screening of shipments for security purposes.

The work included identifying and quantifying the different procedures and systems which need to be complied with for various categories of imports and exports, analysing how that information is currently provided to the relevant Government departments and agencies, and investigating the compliance costs of existing arrangements.

However, it was not within the remit of the study to comment on the potential impact on those commercial systems which provide traders with electronic access to Government systems under the existing framework.

The study involved gathering evidence from across the international trade sector including individual shippers, retailers, logistics providers, forwarders, customs agents and port operators, and from their representative bodies and Associations. A full list of contributors is given in **Annex 1**

Data was gathered through:

- Responses to a SITPRO Questionnaire (**Annex 2**)
- Individual interviews with companies from across a range of businesses.
- Discussions with sectoral representative organisations.

Additionally the study incorporated:

- Analysis of previous studies in this area.³
- Consideration of ITSW type systems currently operating or under development in other countries

Lastly, but perhaps most importantly, during the course of this study which started in May 2004, the ITSW project was taken into the Bus.Gov programme. This has meant a

³ There is already a valuable body of ITSW research and some of the material in this report looks to draw from and build on this earlier work, details of the reports referred to are given in the foot-notes and in **Annex 3**

vital injection of resources and political authority to take ITSW forward to the next stage and has secured the active involvement of the relevant government departments and agencies in the evaluation process. Equally the overlap between the commencement of this new initiative and the completion of this report has provided the opportunity for the research to help shape the further work now taken being overseen by the International Trade Single Window Project Board.

ITSW and International Trade Facilitation

The ITSW concept can be defined as:

A platform to allow traders to submit international trade - import, export or transit- data required by government departments or agencies once only through a single electronic interface thereby fulfilling all the regulatory requirements in respect of each transaction.

This is in line with UN CEFAC Recommendation 33 which states:

Governments and those involved in the international trade and movement of goods to consider implementing a Single Window facility that allows:

- Parties to lodge standardised information and documents with a single entry point to fulfil all export, import and transit related regulatory requirements
- If the information is electronic, then individual data elements should only be submitted once.

Also at a global level the WCO's work on a Customs Data Model highlights the essential linkage between the benefits of harmonising and rationalising data sets and the delivery of such data through a single window.

It is widely accepted that for an ITSW to deliver its full potential it has to embrace the way data is exchanged and processed between Government departments and agencies and how any licenses, authorisations or other documentation relevant to the free movement of a consignment is delivered back to the trader.

Calculating Costs and Savings

Calculating the costs of international trade procedures and hence the potential financial benefits of migration to a Single Window environment has been notoriously difficult.

The otherwise comprehensive and authoritative US study from 1998⁴ which projected major savings for business and (especially) government from an ITSW had to concede its calculations on the benefits to traders were "guess estimates" noting "the almost total lack of verifiable cost figures from traders (i.e. brokers and importers) regarding Government

4 Cost/Benefit Analysis for the International Trade Data System - ITDS Office Washington.

document filing costs”.

Similarly a more recent Dutch study⁵ concluded, “Although the impact of customs related transaction costs on international trade is highly relevant for economic theory and trade policy there is only little empirical work on this subject”.

In positing that the “average size of customs-related transaction costs, as a percentage of international trade, is 2%” the study also noted that “the size of the standard deviation (4%) suggests there is an enormous amount of variation in customs related compliance costs”.

If this formula is applied to UK trade figures of some £426bn (c£190bn exports, £ 236bn imports) extrapolated compliance costs would be c£8bn with savings of around £2.4bn assuming a minimum reduction of 30% based on what has been achieved with other ITSW’s .

Although this study also had the aspiration of obtaining a definitive set of robust cost benefit figures it encountered many of the same difficulties as its predecessors and it became clear from the early survey returns and interviews that this goal was unlikely to be fully achieved within the available resources and timescales.

In consequence the latter stages of the research focused more on getting traders to identify which regulatory procedures currently create most difficulty and seeking their views on potential remedies rather than chasing statistics which were not readily available or verifiable.

Nevertheless the data acquired includes useful figures on existing costs and it is probable that some of the gaps will be filled by the work being undertaken through the Bus.Gov programme.

World wide ITSW Developments and the UK

Although the ITSW concept has been around for a long time and is progressively being implemented in different ways and at varying pace in a number of countries it is perhaps true to say that in the UK the flame of interest in ITSW has for some years been kept alight mainly through the advocacy of SITPRO and the support of HM Customs with Single Window forming an integral part of the Blueprint programme.

More recently there has been greater enthusiasm from trade and renewed interest from Ministers, but there is no one reason for this change, rather it is an amalgam of linked influences which include:

- Stronger commitment on the part of government to embrace efficiency gains in its

⁵ Custom-Related Transaction Costs, Firm Size and International Trade Intensity – Ernst Verwaal and Bas Donkers.

own control functions available through technological advances.

- Recognition that a system to capture, process and exchange already available data has to be in place if the EU's plans for increased security and anti-terrorism controls are to be implemented effectively and without unnecessary costs and barriers to existing international trade.
- The need to ensure that the UK remains a trade friendly environment in the face of increasing competition within the EU for the handling of international trade shipments.

Against this background the presentation on the Singapore experience organised by SITPRO on 4th March 2004 might be seen as a defining moment as it provided a concrete example of the type of gains that can be achieved through migrating to a ITSW structure. These include the elimination of data re-keying which previously took place at least once in 60%-70% of cases, processing time savings of 45% and manpower cost savings of 34%.

Of course, it would be unwise to forecast that the clear benefits and scale of savings achieved by Singapore can necessarily be transplanted to the UK, the trading and political environments are significantly different and for reasons detailed below it is likely that here any roll-out will probably need to be in stages and the benefits incremental.

In Sweden the "stairway" approach, which in many ways has the same objectives as the UK customs "Blueprint" programme, includes ITSW aspects and there are claims of significant savings to those traders able to take advantage of this facility with IKEA making a saving of 50% of related costs and Akzo Nobel saving E10m.

Whilst useful in strengthening the case for the general economic benefits of a ITSW it has not been possible from the information available on the Swedish model to identify those areas which delivered the greatest savings.

The extent to which these initiatives are moving ahead world wide was demonstrated at the UNECE Workshop on Trade Facilitation, held in Geneva on 18-20 October 2004, where the programme included presentations on ITSW projects in Sweden, Hong Kong, Singapore, United States, Tunisia, Senegal and Mauritius. Altogether some 25 countries have been identified as having a programme or plan for the introduction of a ITSW type regime.

The fact that these projects are at different stages of development, with Singapore representing the most comprehensive example, and have adopted different models for funding the implementation costs, is less important than the messages and themes that emerged as common to all the participating Countries. In summary these were:

- Commitment to the ITSW has to come from the highest levels within government to ensure co-operation across departments and breakdown adherence to ingrained practices.

- All stakeholders, not least the business community have to be actively involved at an early stage of development.
- It has to be a programme which embraces the way government departments interface and co-operate.
- An ITSW project should be the catalyst for a complete review of international trade procedures, it needs to encompass the harmonisation of data elements and document lay-outs, the role of various bodies in trade procedures and communication with the trade.

It is significant that, whatever the current stage of development the ITSW projects referred to above are at, all are seen as having been successful in delivering efficiency gains/cost savings and in every case there are plans to extend the scope of the ITSW facility.

Nevertheless, whilst there seems to have been varying levels of business involvement in designing the models there is no evidence of any detailed cost benefit studies having been conducted as a concomitant to pushing ahead.

What is clear from Sweden, Singapore and other examples is that the true value of the ITSW lies not in it simply being an electronic data exchange but the opportunity that implementation provides in reviewing and re-engineering the underlying procedures and processes.

Current UK Environment

The value of ITSW to the UK can only be judged in terms of prevailing conditions which, as noted, are significantly different to those in other countries where ITSW has already delivered quantified benefits so it would be unwise to presume similar gains can be achieved.

Most traders would accept that whilst the UK's international trade environment is far from being a disaster area in need of imperative remedial action there is plenty of scope for major improvement.

It is also generally accepted that there have to be controls for fiscal, health and security purposes and therefore data has to be provided to the authorities and some shipments will be the subject of inspections.

Problems start where more than one official body has a potential interest in a particular consignment depending on the nature of the goods and, in some cases, the country of origin/ destination. In addition to Customs, these can include the local Port Health Authority, various DEFRA divisions, the Food Standards Agency, DfT and DTI.

As a result traders have to fill in numerous forms, often with duplicated information sometimes in different formats.

At the same time the agencies, departments and the ports do not have a single integrated nationally operated system for capturing this data or for co-ordinating their activities in relation to the consignment, be it inspection, authorisation, licensing or release. Despite local “arrangements” to facilitate the sharing of data there are not close automatic links between the various systems CHIEF, NCTS, PEACH etc. This fragmentation is compounded by the involvement of local Authorities in operating food hygiene controls.

Without a fully co-ordinated approach there is far too much scope for multiple inspections at different times, delays relating to the status of the goods and, for the trader, difficulty in establishing where his goods are within the system.

Yet, despite these readily identifiable inefficiencies, many traders appeared relatively cautious about the prospects of change, with enthusiasm highest among the Forwarding and Express Carriers/Courier community.

In other sectors the response to the ITSW concept has been more complex. Given the project is being taken forward to, at least, the next stage, it is important to understand why in a number of interviews, particularly with the shipper sector, support based on the recognition of the benefits of a ITSW approach was tempered by practical concerns. In some cases a Single Window was seen to be of little relevance.

At a strategic level there is strong support in all sectors for the concept of the ITSW. Long-term it is seen as an inevitable consequence of technological developments in the way international trade is conducted on a business to business basis. Repeatedly the message was it was inconceivable that the commercial sector should invest in technology in order to achieve the most efficient ways of transacting business but have revert to a range of other methods when dealing with legal requirements of government.

In one analogy the need to send duplicated information, often in paper form in order to obtain physical stamps, was likened to being able to send goods by high speed rail but having to off-load them onto donkey carts to take them through a shed for official checks at various points in the journey.

There was also a recognition that increased controls for security/ anti-terrorism purposes were inevitable and these could only be exercised without a massive physical disruption to trade flows through targeting based on pre-notification of data. This view was most strongly held where the respondent was aware of the pre-notification proposals contained in the revision to the Community Customs Code or recent developments in USA. From a business perspective it was seen as essential that wherever possible this information should be mined from data which is already provided for other purposes and that a ITSW facility would offer the best mechanism.

Most of the concerns expressed in the interviews came from an operational perspective in cases where ITSW was perceived as essentially an IT project which would be imposed centrally by having been driven and designed more for the Governments needs than those of the business community.

This immediately gives rise to unanswerable, at this stage, questions about what exactly a

ITSW will deliver and its compatibility, or otherwise, with existing systems.

A number of interviewees also made reference to what they saw as an unsatisfactory experience with the recent introduction of the NES and NCTS systems. In both cases it was considered that the systems had been imposed without being properly ready and against many justified reservations expressed by business interests, although it seems generally accepted that most of the NES problems have now been addressed.

However, whilst it is not within the remit of this report to consider the merits of these criticisms, it is necessary to highlight that within a significant swathe of stakeholders there is a negative perception of recent technology driven projects. This translates into scepticism as to whether a ITSW can deliver sufficient real and practical benefits to not be more than off-set by the disadvantages of a transitional period of disruption and the cost of investment in new or additional IT systems.

At this stage of the ITSW's potential development it is difficult to either allay or substantiate these fears. But the fact they exist emphasises the need to ensure that business representatives are directly involved in future planning and design. There will be significant benefits in a major exercise of re-engaging the business community once there is a clearer picture of what a UK ITSW will do and look like.

The relatively muted response to ITSW from manufacturers and retailers can also be partly attributed to the current trend for these type of businesses to contract out all or most aspects of international shipments to Forwarders and Logistics specialists. In these cases the handling of documentation and the interface with the various regulatory authorities is dealt with by the contractor with the costs of any particular activity subsumed into the contract price for a package of services.

Those additional costs associated with having to duplicate information and deal individually with different regulatory bodies are not generally visible to the shipper and at the same time the unnecessary complexity of some procedures are in themselves an added incentive to hand this work to "experts".

It was a general perception that the UK already has a relatively sophisticated electronic infrastructure for dealing with the documentation and information flows related to international trade. The cornerstone for this is the Customs Cargo Handling of Import and Export Freight system (CHIEF) system and this not only covers the majority of import /export declarations but increasingly it acts as a one-stop shop for other related data requirements, such as those between traders and the Rural Payments Agency and electronic interfaces to DEFRA Plant Health and DTI Import Licence systems.

It follows that the functions covered by CHIEF already go some way to eliminating costs related to duplicating the provision of data.

However, there remain issues relating to the cost of electronically connecting to the customs systems, the need to use commercial intermediaries (**see below**), and the fact that some customs procedures operate outside the CHIEF umbrella, for example declarations to NCTS for transit movements under the T system. Moreover some control bodies,

particularly those dealing with food, animals and plants, have their own independent systems.

CSP's

Any programme for the introduction of ITSW in the UK has to address the role of the Community Service Providers (CSP's).

At present CSP's provide the interface between trade and CHIEF (**Annex 4**). These systems have evolved on a port by port, airport by airport basis. The net result is a virtual monopoly with fees having to be paid to the CSP (or an agent with direct access to the CSP). Connection is on the basis of the trader having to buy an access badge from each CSP at each port or pay additional fees to an agent who has purchased such a badge.

As stated, it was not within the remit of this paper to consider the future role of CSP's in an ITSW environment. At present they are seen as providing a (partial) virtual ITSW service, albeit at a local level, and have become an embedded and integral part of the international trade landscape. Within the existing structures their role seems both inevitable and essential.

Nevertheless having to use the CSP's adds cost and complexity to the business of moving goods into and out of the UK. For practical reasons it is difficult for traders to opt out of using the CSP's directly or indirectly and there are several different systems which are unique to given ports/airports. Businesses moving goods through a number of different ports find they must "subscribe" to each of the systems and work within the different formats.

But the structure which gives the CSP's such a protected position is not in itself inevitable and a ITSW option should provide traders with choice, not least the option for traders or agents to link direct to CHIEF, for example through web-access.

Costs and Potential Benefits

Of course not all businesses involved in International trade will benefit equally from a ITSW, the extent to which any particular group derive savings will, of course, be predicated on the details related to the overall design, as well as the functions and procedures that will be available from day one.

For those businesses only moving free circulation goods within the EU the immediate significance of a ITSW will probably be minimal. As already noted, some goods are more controlled than others so there will be a direct correlation between the benefits of ITSW to the trader (and government) and the complexity of existing procedures, which in turn are determined by the nature of the goods and the countries of origin/destination.

A SITPRO study of June 2004 (Annex 6) identified those sectors subject to the greatest number of controls and hence faced with providing data. Even allowing for the fact that some controls are random rather than automatic and some only apply depending on whether goods are being imported or exported, it was found that companies moving

Leather Coats can face up to 26 different controls, Pet Food shipments 31 and Bio Pharmaceuticals 41.

Not all these controls involve the separate submission of data or any action on the part of the trader, often the biggest problem is likely to be the delays whilst each body decides it has no further interest in the goods. The more important point is that there are a wide range of government departments and agencies potentially concerned with these types of goods and there is no formal mechanism for that information to be collected and disseminated centrally and therefore no mechanism for a co-ordinated approach to physical controls.

Even goods subject to the controls of only one agency additional to Customs can be held and moved several times within the port of arrival as the result of uncoordinated examinations.

Despite material from the survey and interviews it was not possible to obtain enough robust examples to provide an accurate picture of total costs of having to meet current requirements for the provision of data on international trade movements. The main reason being that the most common requirement is for a customs entry and these costs tended to be hidden within the costs of the general commercial activities related to the consignment with companies having no incentive to separate these out at present.

However in a few cases it was possible to identify the additional costs of having to comply with requirements over and above those related to making a customs entry.

In most cases costs are made up of two elements, labour- the work of collecting the data, putting it into the required format and transmitting it to the relevant official body manually or electronically- and systems costs, including payments for specialist software and connections.

Generally it proved impossible to identify which elements of labour and systems costs could accurately be attributed to meeting normal customs entry requirements.

In identifying costs most respondents made a distinction between an electronic submission to CHIEF for imports and an export entry to NES. In 2003 there were 16.95m CHIEF Import Declarations and 4.78m NES Export Declarations.

Based on survey returns import entries the cost of making an import entry to CHIEF is in a range of £4 - £18, and for NES £3 -£15.

Where the respondent gave a more detailed breakdown the total cost included

30-80p per entry for third party costs (e.g. Syntegra) and 35p-£2.90 per entry system costs for linkage to CHIEF (eg.MCP/CNS).

Charges to traders by third parties (forwarders/customs agents) for handling customs entries and related documentation are generally in the range £20- £40 depending on volumes and complexity although in many cases these charges are not transparent.

35% of respondents indicated that they needed to deal with more than one Government department or agency for some consignments and therefore had to provide duplicated data and 40% mentioned having to provide data to Chambers of Commerce for Euro 1 Certificates.

With anecdotal evidence suggesting that around 75% of customs entries are made by third parties acting on behalf of the shipper/manufacturer and on the basis of an average charge of £30 per entry, costs are c£480m. Estimated costs for the remaining 5.43m at c£10 per entry =£54.3m giving a total cost of c£534m. To this can be added a further £10.5m as the cost of obtaining certificates from Government departments and agencies (See Annex 5). The resultant £544m total does not include costs of obtaining certificates from Chambers of Commerce or any operational costs from delays in availability of a required documents or of uncoordinated inspections.

Given the savings identified by ITSW programmes elsewhere a conservative calculation of the direct cost benefits to UK businesses would be c £163m (30% savings on current costs).

Examples given of where a 100% duplication of information was required in addition to that for a normal electronic import/export entry included data for:

NCTS
Port Health
State Veterinary Service
DEFRA Plant Health and Seeds Division
DTI Export Controls/Licensing
Certificates of Origin/ Euro 1 certificates.

On a small statistical sample the costs of providing additional data and obtaining additional licences and authorisations, excluding NCTS declarations, was in the range £25-£70, the higher figure including courier costs.

At the commencement of this study it was considered that the most significant measure of the benefit of a ITSW would probably be in its potential for harmonising the provision of data and eliminating duplication. However, to the scope for savings in this area for the trader there must be added significant, albeit unquantified, operational gains if Government uses ITSW to achieve more efficient operation of its control agencies through sharing information and co-ordinating activities. As well as only having to provide information once traders will gain by having their goods moved through the various control systems with greater speed and transparency.

This inevitably puts the focus on goods which come under the control of the various agencies, although in volume terms alone these are a relatively small proportion of International trade. But this is not an argument for seeing these type of shipments as unimportant, on the contrary goods that have an animal or plant health element often have perishable qualities which increases the importance of a rapid and smooth progress through import/export procedures.

Equally these are the goods which are most likely to be the subject of intervention as a SITPRO study of June 2003⁶ noted "...it is widely believed that non-Customs checks now make up between 70 and 80 % of all official checks on imports that take place within the port environment.

This increasing proportion is compounded by the wider scope and rising levels of routine checks by non-customs agencies on products of plant and animal origin, the frequency of which are specified in EC legislation rather than being risk or intelligence based."

Elsewhere the same study noted that those traders affected expressed the view that these adverse trends could be mitigated if the control systems were to be "fully integrated and accessed through a ITSW."

In the course of talking to companies involved in International trade it was the problem of reconciling the processes and timeframes for obtaining the necessary certificates and authorisations with the shipment of the goods which created regular problems and related additional costs.

To take two specific examples:

Company A is a retailer shipping perishable foodstuffs to Middle East destinations and therefore requires certificates of free sale in order to get release of containers at destination.

Company B is a manufacturer and shipper of animal feed products which require an export Certificate EXCA (AF) some consignments also involve an- Application for Examination and Certification of Consignments of Plant Products for Export HH 91.

The export applications can be made electronically although the Certificates themselves are issued manually by post. Applicants are advised that processing takes 5 days and non-standard certificates longer. HH91's have to be completed manually and posted and certificates returned in the same way.

Both companies explained that because the information and documentation required by DEFRA generally cannot be produced until after the container has been loaded the physical shipment of the consignment inevitably commences before all the paperwork is available. Thereafter reuniting the Certificates and the goods in the right place at the right time is a hit and miss affair with the use of couriers and the risk that perishable dates will be exceeded before the goods can be released for sale.

Continuing Relevance of "Gurses" Report

Reference has been made to a number of ITSW studies throughout this report, however SITPRO' "International Trade Single Window Cost Benefit Study" of October 2003

⁶ The Importation of Goods Subject to Animal or Plant health Regimes –SITPRO/LACoRS June 2003

otherwise known as “Gurses” warrants a section to itself as many of its findings are in relation to issues covered here and in that respect is complementary to this report. It follows that key points stand reiteration, particularly those relating to specific procedures and the recommendations that are now being implemented under the Bus.Gov work programme.

ITSW as a driver for standardisation of data elements

“a single data input to an ITSW would add value by eliminating duplication and driving standardisation in definitions that only vary slightly.”

Container Security Initiative

“Submissions (on foodstuffs) have a high degree of overlap that could be avoided through an ITSW by allowing the business to input prior notice data to beset against the export declaration”.

Preference Certificates

“In order to get this certificate in the UK exporters must complete a manual EUR1/ATR form which has a high degree of duplication with the standard export declaration and needs to be sent to HMCE (now Chambers of Commerce) for authentication.”

Community Transit

“Both the Export Declaration and CT application can be submitted via electronic systems, but these are quite separate and therefore require information to be keyed twice”.

And on initiatives seen as essential for further progress and that are now being undertaken:

“A comprehensive listing of all UK trade compliance forms is required, with data on the number of each form submitted and an estimate of the time needed to complete the form.. an estimate is needed of the percentage of duplication of data elements.

There is currently no documented view of the cost, resources or timeframe required to implement ITSW in the UK....a “proof of concept” may be required to practically demonstrate the operational benefits of ITSW.

If work is to progress with necessary buy-in it is crucial that the project leader work closely with an extended team comprising a representative from each key department (Cabinet Office, HMCE, DfT, DEFRA and DTI) who would be able to input to on-going work and help facilitate contacts in their department as necessary”

ANNEX 1: Acknowledgements

SITPRO acknowledges with thanks the contributions of the following companies and organisations to this ITSW Study.

AICES

Air Menzies International

Amersham International

AMG Forwarding

ASM

BA World Cargo

BAA

BIFA

Browns Cargo (Europe)

BSC/FTA

Concordia

Dimerco Express UK

Dodson & Horrell

FDB Distribution

Federal Express Europe

Food and Drink Federation

IFS Global Logistics

International Forwarding

Kay O'Neill

Kimberly Clark

Laser Transport

M & S

Mach 2 Shipping

Mercator Cargo Systems

Nestle

Nissan

Pet Food Manufacturers Association

Port of Felixstowe

POLA

RHA

Sequana Maritime

Tate & Lyle

TNT

UPS

Vitacress

W M Shipping

Wilkin & Sons

World Courier UK

Yusen Air & Sea Service

ANNEX 2: Single Window Procedures Survey

A) Details

Name of Company

Your name

Position

Phone Number

E-mail address

B) Nature of Company Business

(please tick all that apply)

Importer/Exporter of goods including
raw materials

Logistics or Express Parcels

Freight Forwarding

Customs Broker or Agent

Other (please specify)

C) Transactions

Government Department or Agency	System Cost (£ per year)	Electronic, Paper or Both	Estimated Man Years (per year)	Number of Declarations (per year)	Third Party Service Charges (£ per year)	Information Duplicated in Submissions to Other Agencies (%)
HM Customs & Excise (CHIEF)						
HM Customs & Excise (NES)						
HM Customs & Excise (NCTS)						
HM Customs & Excise (Domestic Transit)						
HM Customs & Excise (Adjustments/ Resubmissions)						
Port Authority						
Forestry Commission						
Port Health Authority/ Local Authority						
State						

Veterinary Service						
DEFRA: Plant Health and Seeds Inspectorate						
DEFRA: Horticultural Marketing Inspectorate (PEACH)						
Immigration Department						
Vehicle and Operators Service Agency						
Martime and Coastguard Agency						
Department for Trade and Industry (Export Controls/ Licencing)						
Inland Revenue						
Chambers of Commerce (Certificates of Origin)						
Other						
Other						
Other						

D) Single Window Systems

1. Is your company operating in other countries where a single window system is already available eg Singapore, Sweden? If yes please give details.
2. How do you consider import/export/transit procedures could be improved? Please give details.

May we contact you further regarding your response? Yes/No

ANNEX 3: List of Referenced Reports

Cost/Benefit Analysis for the International Trade Data System – ITDS Office
Washington.

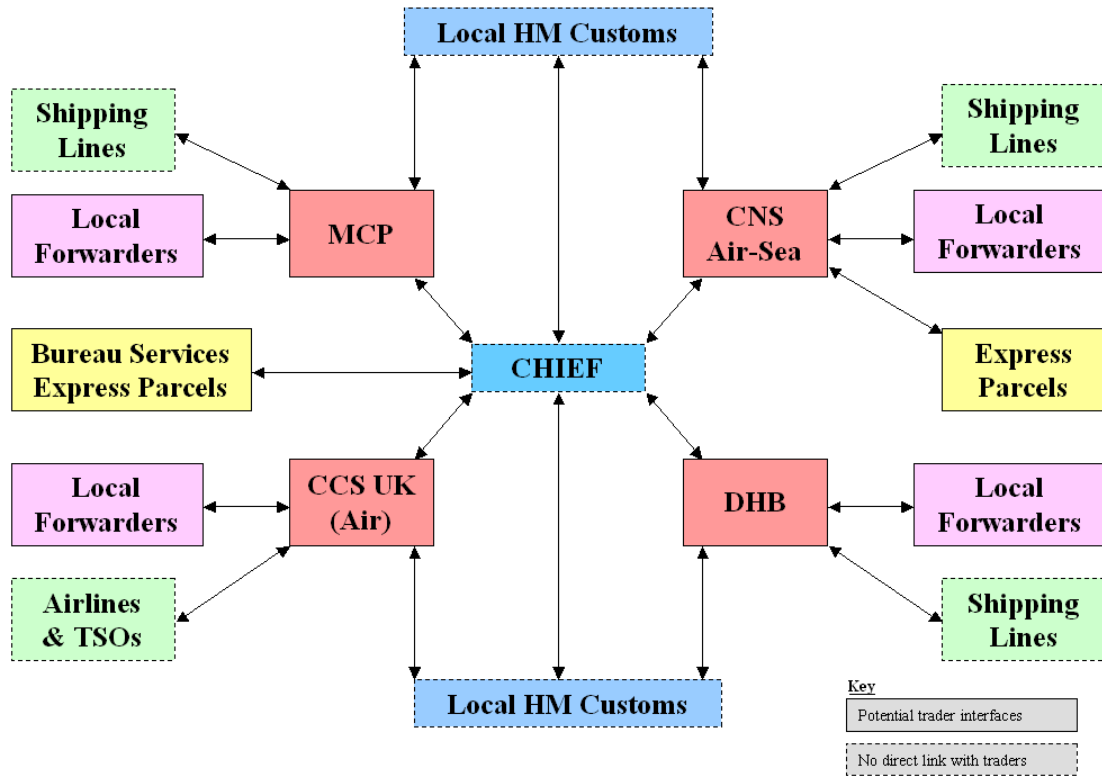
Custom-Related Transaction Costs, Firm Size and International Trade Intensity – Ernst
Verwaal and Bas Donkers.

Draft eCustoms vision statement and multi-annual strategic plan – Directorate-General
Taxation and Customs Union, European Commission (TAXUD/477/2004 – Rev. 3)

SITPRO International Trade Single Window Cost Benefit Study (Gurses)

The Importation of Goods Subject to Animal or Plant health Regimes –SITPRO/LACoRS
June 2003

ANNEX 4: Diagram Showing Links to CHIEF and role of CSP's



ANNEX 5: Costs of obtaining additional certificates and licences.

Based on 2003 figures the following licences and certificates were issued. Figures include imports and exports.

40,000 Plant Health phytosanitary certificates

22,000 Endangered species licences imports/exports

200,000 DEFRA Horticulture Division

7000 Forestry Commission certificates of inspection (imports)

The cost range for obtaining certificates and authorisations was £25-£70, the higher figure containing unavoidable courier costs. The figure of £10.5m as the annual cost to traders (see page 13) is based on an average of £40 per certificate.

ANNEX 6: Trade Procedures and Control Activities in the UK

Procedure/Control Activity	Controls			Products		
	Objective	Enforcement Agency	Policy	Leather Coats	Pet Food	Bio Pharmaceuticals
UK Military Equipment	Safety & Security	Armed Services	Ministry of Defence			
Benefits Fraud (moonlighting drivers)	Fiscal	Benefits Agency	Dept. for Work and Pensions			
Aviation Vessel Checks	Safety & Security	CAA	DfT	Yes	Yes	Yes
Dangerous Goods (Air)	Safety & Security	CAA	DfT			Yes
Detergents and Chemicals	Consumer Protection	Customs	DTI			Yes
Drugs	Consumer Protection	Customs	DoH (Medicines Controls Agency)			Yes
Medical Equipment	Consumer Protection	Customs	DoH			Yes
Radio Equipment	Consumer Protection	Customs	Radio Communications Agency			
Veterinary Medicines	Consumer Protection	Customs	DEFRA		Yes	Yes
CITES	Environment & Health	Customs	DEFRA	Yes		
Additional Customs Procedures with Economic Impact	Fiscal	Customs	Customs	Yes	Yes	Yes
Customs Export Procedures	Fiscal	Customs	Customs	Yes	Yes	Yes
Customs Import Procedures and Additional Simplified Procedures	Fiscal	Customs	Customs	Yes	Yes	Yes
End-Use	Fiscal	Customs	Customs			Yes
Excise Duties	Fiscal	Customs	Customs			Yes
Import Vat	Fiscal	Customs	Customs	Yes	Yes	Yes
Red Fuel Checks	Fiscal	Customs	Customs	Yes	Yes	Yes

Transit and Carnet Procedures	Fiscal	Customs	Customs	Yes	Yes	Yes
Warehousing and Free Zones	Fiscal	Customs	Customs	Yes	Yes	Yes
Anti-Smuggling	Safety & Security	Customs	Customs	Yes	Yes	Yes
Export Controls (Dual Use & Military)	Safety & Security	Customs	DTI			Yes
Export Controls (National Heritage)	Safety & Security	Customs	Dept. for Culture and Media			
Export Controls (Precursor Drugs)	Safety & Security	Customs	Home Office			
Illegal Meat Controls	Safety & Security	Customs	FSA / DEFRA		Yes	
Anti-Dumping	Trade Policy	Customs	DTI	Yes	Yes	Yes
Import Licensing	Trade Policy	Customs	DTI	Yes	Yes	Yes
Quota Controls	Trade Policy	Customs	DTI	Yes	Yes	Yes
Labelling	Consumer Protection	Customs, PHA, Trading Standards	DTI, DEFRA, FSA	Yes	Yes	Yes
Veterinary Export Certificates	Environment & Health	DEFRA	DEFRA	Yes	Yes	Yes
Road Vehicle and Weight Checks	Safety & Security	Driver, Vehicle Operator Group	DfT	Yes	Yes	Yes
Movement of Waste	Environment & Health	Environment Agency	DEFRA			
Forestry Controls	Environment & Health	Forestry Commission	Forestry Commission			
Health and Safety Controls	Safety & Security	Health and Safety Executive	Dept. for Work and Pensions			
Immigration Controls (passengers)	Safety & Security	HM Immigration	Home Office			
Immigration Controls (vehicle operators)	Safety & Security	HM Immigration	Home Office	Yes	Yes	Yes
Horticulture and Marketing Standards	Consumer Protection	HMI	DEFRA			
Aviation "Known Shipper"	Safety & Security	Industry	DfT	Yes	Yes	Yes

Maritime "ISPS"	Safety & Security	Industry	DfT-IMO	Yes	Yes	Yes
Maritime "SOLAS"	Safety & Security	Industry	DfT-IMO	Yes	Yes	Yes
Certificate of Free Sale	Consumer Protection	many, depending on product	many, depending on product	Yes	Yes	Yes
Dangerous Goods (Sea)	Safety & Security	MCA	DfT			Yes
Food Hygiene	Consumer Protection	PHA	FSA		Yes	Yes
Organic Foods	Consumer Protection	PHA	DEFRA		Yes	
Veterinary Controls	Environment & Health	PHA	DEFRA	Yes	Yes	Yes
Phytosanitary Export Certificates	Environment & Health	PHI	DEFRA			Yes
Plant Health Controls	Environment & Health	PHI	DEFRA			Yes
Dangerous Goods (Rail)	Safety & Security	Police	DfT			Yes
Dangerous Goods (Road)	Safety & Security	Police	DfT			Yes
Anti-Terrorism	Safety & Security	Police - Special Branch	Home Office	Yes	Yes	Yes
Ships Waste	Environment & Health	Port Authority	DfT	Yes	Yes	Yes
CAP Refunds	Fiscal	RPA	DEFRA		Yes	
Fishery Controls	Environment & Health	UK Fisheries Dept.	DEFRA			
Container Security (CSI)	Safety & Security	US Customs	US Dept for Homeland Security	Yes	Yes	Yes
Bio Terrorism Controls for US	Safety & Security	US Food and Drink Administration	US Food and Drink Administration		Yes	Yes
Driver Checks	Safety & Security	Vehicle Inspectorate	DfT	Yes	Yes	Yes