

UK Trade Initiatives and Digital Trade

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Introduction

In these slides we shall be looking at some of the initiatives taking place in UK and world trade with on how digitalisation is supporting international trade.

We shall be looking at initiatives arising from

- ◆ Target Operating Model
- ◆ Single Trade Window
- ◆ Trusted Trader Schemes
- ◆ Ecosystem of Trust and advance supply chain information
- ◆ Digital documents and Legal identity identifiers

How IOE&IT is supporting the future of global trade



IOE&IT is involved in several initiatives including:

- ◆ 'Ecosystems of Trust' and digital trade corridors
 - ◆ In the UK IOE&IT are leading consortiums covering between the UK and Africa, as well as the EU and GB
 - ◆ Working closely with TradeMarks East Africa, IOTA Foundation, and organisations support digital seals, provenance, traceability and ESG ratings
 - ◆ Also involved in development of trade corridors
- ◆ Digital standards and digital trade
 - ◆ Electronic Trade Documents Bill, e-documentation and legal entity identifiers
- ◆ SPS Centre of Excellence (Sanitary and Phytosanitary)

Target Operating Model

Post transition period there have been several announcements regarding UK Trade, Customs and future borders. These announcements affect us all whether you are an importer, wholesaler, exporter, logistics service provider or customs intermediary / software provider, port health or HMG official

◊ In April 2022 HMG announced that border controls due in June 2023 would no longer apply and they would work industry and the Devolved Governments to develop a new Target Operating Model, to be issued this Autumn

◊ **HMG WOULD STRESS THAT POLICY IS EVOLVING AND, IN SOME CASES, MAY REQUIRE LEGISLATION**

Safety and Security Information

Under the WCO SAFE Framework of Standards safety and security information is required for supply chains, including the requirement for advanced cargo data and security risk assessment

- ◆ Safety and Security declarations fall to the logistics provider whereas customs declarations are the responsibility of the trader
- ◆ Some of the data inputs are duplicated and the industry would be more efficient if we can reduce duplication of data
- ◆ The emphasis should be on pre-population of data to reduce data duplication

Safety and Security Data Input Options

| Customers groups | Preparation | Customs formalities | Pre-arrival | Checks |
|--|--|--|---|--|
| | <i>Before the goods arrive at the port</i> | <i>Import Customs Declaration, Entry Summary Declaration</i> | <i>For example, GVMS for pre-lodgement</i> | <i>Border Force checks at ports etc.</i> |
| Business who are infrequent traders who wish to use the S&S portal | Business logs onto STW and uses free S&S Portal to make relevant declaration. | S&S formalities completed via Entry Summary Declaration submitted by the carrier to the required times. | HMG systems risk goods | HMG checks at the port of destination |
| Businesses who use STW for import/export transactions on a regular basis | Business provide data into STW; we are exploring the interactions with existing software offerings | Data is collected pre-arrival and shared across declarations via STW | | |
| Businesses with the capability to share supply chain data with HMG | Company puts in place technology that can share their supply chain data direct with HMG through the Single Trade Window. It is authorised by HMG to use this method. | S&S formalities completed via Supply Chain Data (SCD), directly digested into HMG systems removing need for a specific declaration to be submitted | Technology may be used to give further supply chain assurance | HMG may give advance notifications of checks |

GB Border

Safety and Phytosanitary (SPS)

An efficient SPS regime is required to protect biosecurity and public health

This applies for plant-based products and products of animal origin

- ◇ Current processes involve import pre-notification, certification, documentary checks and identity & physical checks
- ◇ Key principles apply if we are to improve efficiency and supply chain operations
 - ◇ Proportionate controls and checks are needed to support legitimate trade
 - ◇ There is a need to reduce paperwork and duplication of data

Plant and Plant Products

Simplifying requirements and improving supply chain efficiency

| | Pre-notification | Certification | Documentary Checks | Identity & Physical Checks |
|--|--|--|---|--|
| Planned July Controls | Required for all plants and plant products. | Required for all plants and plant products. | Required for 100% plants and plant products. | All must enter via a BCP designated to check those goods. Check levels depend on risk. |
| TOM: Low-risk plants | Not required. | Not required. | Not required. | Not required. |
| TOM: Plants moved through SPS trusted trader scheme | Required – phytosanitary certificates (facilitated by cloning of ePhyto where available) | Required - PCs (which are internationally standardised and simplified and includes transition to ePhyto) | Required, check levels reduced depending on origin and commodity. | Checks are conducted by the Trusted Trader at their premises. Check levels depending on origin and commodity. |
| TOM: High-risk plants | Required - phytosanitary certificates (facilitated by cloning of ePhyto where available) | Required - PCs (which are internationally standardised and simplified and includes transition to ePhyto) | Remote when required, check levels reduced depending on origin and commodity. | 1-100% check levels depending on risk (3-5% for produce and 5-100% for plants for planting) |

Animal products (1)

Evolving policy for Products of Animal Origin (POAO), Animal By-Products (ABP), Live Animals and High Risk Food Not of Animal Origin (HRFNAO)



Pre-notification

Required for all POAO, ABP, Live Animals & HRFNAO

To be completed

-though we are exploring if commercial data can be used



Certification

Required - full Export Health Certificate (EHC)

Commercial documentation only

- Not vet signed



Documentary checks

100% documentary checks

Shelf stable/highly processed low risk POAO can be handled in a similar way to (low risk) FNAO



Identity and physical checks

Minimum 1% checks levels, raising to 100% depending on risk

Shelf stable/highly processed low risk POAO can be handled in a similar way to (low risk) FNAO

Planned July Controls

TOM: Low-risk commodity

Animal products (2)

Evolving policy for Products of Animal Origin (POAO), Animal By-Products (ABP), Live Animals and High Risk Food Not of Animal Origin (HRFNAO)



Pre-notification

Required for all POAO, ABP, Live Animals & HRFNAO

To be completed

To be completed



Certification

Required - full Export Health Certificate (EHC)

Required - simplified EHC signed by an Official Vet

Required - simplified EHC signed by an Official Vet



Documentary checks

100% documentary checks

100% doc checks, remote where possible
- reduced checks (with requirements for equivalent risk mitigation to be provided at destination)

100% documentary checks (remote where possible)



Identity and physical checks

Minimum 1% checks levels, raising to 100% depending on risk

- Up to 50% reduction in ID & physical checks for trusted traders who can share data digitally
- 0% ID & physical checks for the most trusted traders (with equivalent risk mitigation required at destination)

- 1-30% check rate depending on origin
- 100% check rate for countries yet to be risk-assessed by Defra and variable physical check rate

Planned July Controls

TOM: Medium-risk commodity with Trusted Trader

TOM: Medium-risk commodity

Animal products (3)

Evolving policy for Products of Animal Origin (POAO), Animal By-Products (ABP), Live Animals and High Risk Food Not of Animal Origin (HRFNAO)



Pre-notification

Required for all POAO, ABP, Live Animals & HRFNAO

To be completed



Certification

Required - full Export Health Certificate (EHC)

Required - simplified EHC signed by an Official Vet



Documentary checks

100% documentary checks

100% remote documentary checks



Identity and physical checks

Minimum 1% checks levels, raising to 100% depending on risk

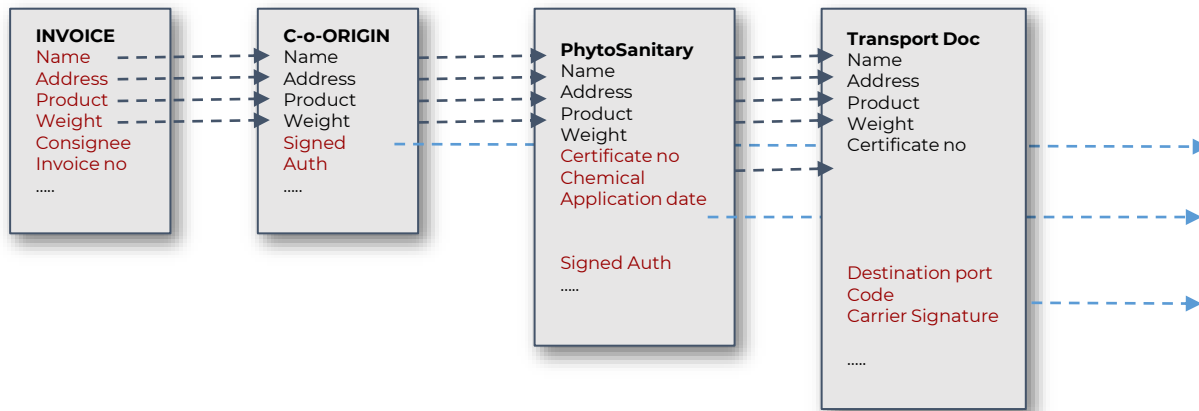
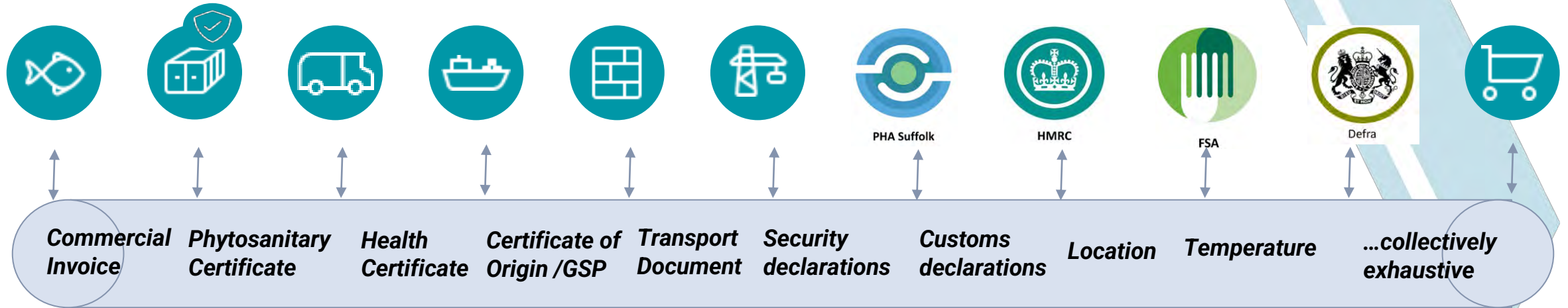
10% for high health equines and some other low-risk animals

Planned July Controls

TOM: High Risk commodity

Advanced Supply Chain Information

Enabling data from source - shared with all



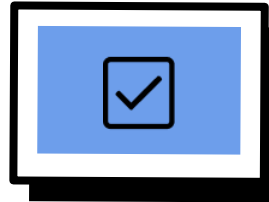
- Data/information always from source ensuring accountability
- Ease of sharing certificates digitally
- Populating new entries with original data
- Higher quality of data
- Realtime data
- With permissions
- Authorities can access data for risking purposes

Digital Infrastructure - Design Principles



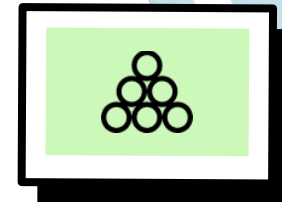
ENABLE TIME SAVINGS

Time saved is increased quality in the market, reduced costs, increased competitiveness



MAKE ONE TRUTH VISIBLE

Holistic infrastructure where all data related to trade is in one place - facilitating all aspects of trade



A PUBLIC INFRASTRUCTURE

An "internet of trade" where all actors can collaborate - and control own participation



ACCOMMODATE CURRENT INFRASTRUCTURE

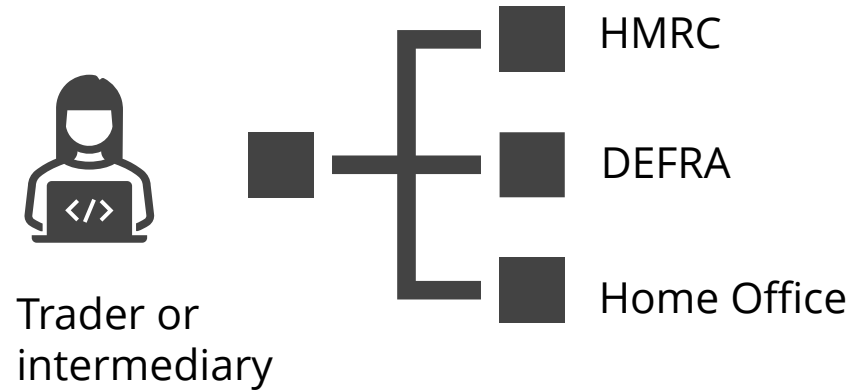


FOSTER ADOPTION BY ALL

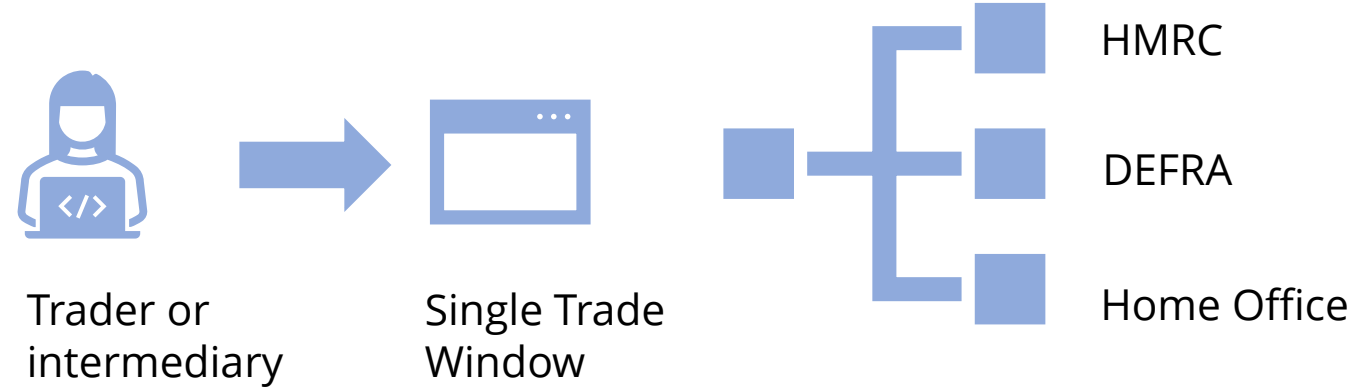
Making operations simpler and better for all

Single Trade Window: How it will work

Current model



UK Single Trade Window



Benefits

- ◆ Eliminates need to submit the same data to different government authorities
- ◆ Potential for pre-population of data
 - ◆ Beneficial for repeat consignments
- ◆ Potential for multi-filing by different actors in the supply chain
- ◆ Potential for trader self-serve options



Digital Data Standards and the Electronic Trade Documents Bill

The **ICC: WTO Digital Standards Initiative** is establishing a globally harmonised trade environment to provide consistent standards across digital platforms.

IOE&IT is a network and learning partner of the initiative and the exclusive training provider. We are launching training on Digital Documents and Legal Entity Identifiers

Creating a **STANDARDS VISION**

Decentralized Identifiers (w3c, WEF); Verifiable Credentials (w3c), Data formats (PDF, Word, XML, JSON, etc.); Status & Events (UNCEFACT EDIFACT, GS1 + configurable)

The **Legal Entity Identifier** is a unique global identifier for legal entities participating in trade and financial transactions.



Trusted Traders

It is only fair that traders who operate compliantly and maintain effective records should benefit. World trade should recognise these benefits for all supply chain actors ranging from large businesses, small businesses and MSMEs

- ◇ Some of us associate trusted trader with Authorised Economic Operator (AEO) covering Customs Simplification and Safety and Security
- ◇ Trusted trader can also be applied to trusted movements which is part of the digital trade agenda
 - ◇ This introduces the concept of digital trade corridors and electronic trade documents into trusted movements (consignments)
 - ◇ Single Trade Window is another example of how digital trade can evolve connecting supply chains and countries

Possible Benefits for Trusted Traders

IOE&IT believe that consideration should be given to Trusted Traders receiving the following benefits (list not exhaustive)

- ◇ Undertaking checks at their own premises (self certification)
- ◇ Reduced certification requirements
- ◇ Reduced data sets for import clearance
- ◇ Reduced frequency of declarations (for example periodic declarations)
- ◇ Import clearance before the goods leave the country of export

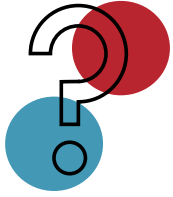
Trade Best practice

To benefit from Trusted Traders Scheme, you will need to demonstrate a good level of customs and trade compliance within your business

- ◆ Maintain good and accurate records
- ◆ Have defined, written processes and procedures
 - ◆ Product classification, rules of origin and valuation
- ◆ Regularly self-audit
- ◆ Apply business standards
- ◆ Clear written contracts between buyer and seller
- ◆ Clearly defined Incoterms



Q&A



Kevin Shakespeare