































































































































































































commodity codes of the exported goods, the value of the goods etc. The regulation related to this requirement is implemented by the Office of the Revenue Commissioner.

#### **Administrative activities in companies**

Filing the monthly Intrastat return on export involves the same activities by businesses, as when filing the Intrastat return on imports. The same methodological considerations are also applicable to the return on exports, as where relevant for the return on imports. Likewise, it is also relevant to distinguish between the administrative costs for businesses who report more than 50 commodity codes, and businesses who less than 50 commodity codes.

The typical amount of time that was spent reporting Intrastat on exports for businesses with less than 50 commodity codes is 45 minutes per month (which is in line with the findings of a recent CSO report)<sup>56</sup>. Reporting exports is easier than reporting imports, as most of the necessary information is already present in company systems. At the same time, companies will generally have more precise knowledge of their own products, e.g. applicable commodity codes, value of product, weight etc. - information which is often difficult to determine for imported products.

As with the import form, 90 per cent of the time is spend fulfilling the 11 data requirements that need to be fulfilled for each type of commodity that is exported. The administrative activities that are involved in this work are as follows:

- Information retrieval (10% of total time);
- Assessment (25% of total time);
- Presentation of figures (25% of total time);
- Checking (20% of total time);
- Correction (10% of total time);
- Reporting/submitting information (10% of total time).

The typical amount of time that was spent reporting Intrastat for businesses with more than 50 commodity codes is 2 hours per month. Again, 90 per cent of the time is spent fulfilling the 11 data requirements that need to be fulfilled for each type of commodity that is imported. The administrative activities that are involved in this work are as follows:

- Information retrieval (20% of total time);
- Assessment (30% of total time);
- Checking (30% of total time);
- Correction (10% of total time);
- Reporting/submitting information (10% of total time).

---

<sup>56</sup> CSO, 2009, "Report on Response Burden placed on Irish Businesses by CSO inquiries in 2008".

Businesses with more than 50 commodity codes are assumed to report Intrastat by transferring a file to Revenue. Unlike businesses with less than 50 commodity codes, these businesses therefore don't have to spend time on presenting figures in the Intrastat form. However, they will still spend time reporting figures, as the file has to be prepared and sent to the Revenue Commissioners.

### Number of iterations

The Central Statistics Office has provided figures on the annual number of Intrastat returns within the four sectors. In 2007, 307 different businesses filed Intrastat forms on exports. It is assumed that the distribution of these 307 businesses between the four sectors corresponds to the share of businesses within the four sectors which file information on export along with the VAT form.

**Table A12: Number of businesses filing Intrastat spread across the four sectors**

	Number of VAT registered businesses who import		Number of businesses filing Intrastat
	Numbers	%	
NACE 15: Manufacture of food products and beverages	1,056	70.2%	215
NACE 24.1: Manufacture of Basic chemicals	86	5.7%	18
NACE 24.4: Manufacture of pharmaceuticals, medicinal chemicals and botanical products	154	10.2%	31
NACE 30: Manufacture of Office Machinery and computers	209	13.9%	43
<b>Total</b>	<b>1,505</b>	<b>100%</b>	<b>307</b>

It is assumed that each of the 307 businesses filed the Intrastat returns during the entire year, and a total of 3,684 Intrastat returns on exports were therefore filed in 2007. These filings contained a total of 250,973 lines of commodity codes.

Data received from the CSO shows that 98.2 per cent of all filings contained less than 50 commodity codes, while 1.8 per cent contained more than 50 commodity lines.

The Revenue Commissioners have reported that, from their experience, some companies experience problems with the identification of the correct Combined Nomenclature (CN) codes (or commodity codes as referred to here). However, while this is the case, it was pointed out that Revenue Commissioners provides advice and guidance on CN/Taric classifications to traders.

### Administrative costs

The total administrative cost of filing Intrastat return on exports is as follows:

- fewer than 50 commodity codes: €18.31 per return or €220 annually
- more than 50 commodity codes: €49.82 per return or €586 annually
- In total for all Intrastat returns on exports: €69,534 - 95 per cent of these costs are carried by companies reporting less than 50 commodity codes.

All of these administrative costs are due to EU requirements.<sup>57</sup>

As explained in the methodology section, business as usual (BAU) costs are not estimated here. It is felt that, while BAU for Intrastat imports may be negligible, this is not the case for exports. According to a recent EU Commission's report<sup>58</sup>, BAU costs for Intrastat on exports are more than 18 per cent of the total Administrative Costs. This equates to €27,317 of the total estimated administrative cost for Intrastat on exports.

Business representative groups feel that Intrastat reporting which requires businesses who export goods valued in excess of €635,000 annually to other EU countries to file monthly returns constitutes a significant administrative burden for business and it is suggested that efforts should be made to streamline the system with a view to improving its usability.

It is thought that the optimal time in terms of minimising the administrative cost and time involved in completing the Intrastat return is at the end of each month when the traders accounts are being closed off for fiscal purposes and the data relating to, an knowledge of transactions, are current. This is the case with the current format of Intrastat reporting.

---

<sup>57</sup> Please note that there may be discrepancies in the total administrative costs figure for all filings. This is due to the rounding that has been applied in this text on the per registration/filing figure.

<sup>58</sup> EU Commission, 2008, "EU Project on Baseline Measurement and Reduction of Administrative costs - Priority area statistics", November 2008



## Annex 5 Costs of assessed non-EU export requirements

### Export declaration

When exporting to non-EU countries, businesses need to file an export declaration to customs detailing the recipient of the goods, the type of product being exported (commodity codes), the value etc. Customs uses this information to ensure that necessary statistics are collected, that export restrictions are enforced, that any claims for export refund areas are correct etc. The export declaration can be lodged through the Automated Entry Processing (AEP) system by using the Single Administrative Document (SAD) or a paper can be lodged for input into the AEP system by customs. The regulation related to this requirement is implemented by the Office of the Revenue Commissioners.

According to information from Revenue, 99 per cent of the export declarations are submitted electronically and processed automatically.

### Administrative activities in companies

As with import declarations, businesses typically outsource the handling of all matters relating to the export of goods to a freight forwarder. This means that a company wanting to export a cargo will inform the freight forwarder that a shipment is ready for export. The freight forwarder will pick up the goods, and will also be supplied with the commercial invoice, which will contain all of the information that is relevant for the freight forwarder when lodging the export declaration.

The necessary information is transferred from the commercial invoice to the Automated Entry Processing (AEP) system. In some cases the freight forwarder will need to spend some time correcting mistakes in the commercial invoice that has been supplied, clarify commodity codes etc. It is estimated that the freight forwarder will spend approximately 10 minutes per shipment handling this administrative work. When the information has been lodged, the goods are ready to leave Ireland. Only in rare cases will customs need to inspect goods before departure.

The freight forwarder charges an inclusive fee sum which includes transportation, handling etc. The charge will depend upon the quantity of goods being imported, size, whether they need to be transported in a special way etc.

The work is performed by a person within the clerical wage category. However, a mark-up of 50 per cent is added to the wage, meaning that companies will pay around €36.62 per hour for freight forwarding services. For the freight forwarder, the administrative activities involved in customs clearance are:

- Information retrieval (10% of time);
- Assessment (20% of time);

- Presentation of figures (30% of time);
- Checking (20% of time);
- Correction (10% of time);
- Reporting/submitting information (10% of time).

### Number of iterations

In 2007 a total of 355,953 export related SADs were submitted to customs. The four sectors covered by this study accounted for a total of 75,747 of these export related SADs - per NACE code the number of SADs were as follows:

- NACE Code 15: 28,046 export SADs
- NACE Code 24.1: 4,952 export SADs
- NACE Code 24.4: 8,065 export SADs
- NACE Code 30: 34,684 export SADs

This information has been provided by Central Statistics Office. In order to determine the number of transactions for the specific NACE codes, the CSO extracted VAT numbers for businesses within the above NACE codes. For each VAT number, trade data at transaction level was then extracted and compiled this gives the above figures.

### Administrative costs

The total administrative costs of submitting export declarations are as follows:

- Per export declaration €6.10
- In total for all export declarations €462,286<sup>59</sup>

All of these administrative costs are due to EU requirements.

It should be pointed out that a new compulsory digital customs system will come into effect in July 2009, which may change how freight forwarders do their work. This might alter their prices and thereby the regulatory costs for businesses.

## Dual-use goods

Some companies export goods, which can be used for both civilian and military purposes, so-called dual-use goods. Dual-use goods will typically be identified through their commodity code, and if a company wishes to export a dual-use good it has to apply for an export licenses. In order to do so, the company has to file the form Export 1 (Export of Dual-Use Goods - Individual Licence Application Form). The regulation related to this requirement is handled by the Department for Enterprise, Trade and Employment.

---

<sup>59</sup> Please note that there may be discrepancies in the total administrative costs figure for all filings. This is due to the rounding that has been applied in this text on the per registration/filing figure.

Non listed dual-use items are subject to control if the exporter is aware or has been advised by Department of Enterprise, Trade and Employment that these may be intended, in their entirety or in part, for use in connection with weapons of mass destruction, or the production of missiles capable of delivering such weapons, or as parts or components of military goods illegally exported, or if the purchasing country or country of final destination is subject to an arms embargo and the goods may be intended for a military end-use. In this case exporters are obliged to notify the licensing authority, which will then decide whether or not a licence is required.

If the finished product contains a controlled component that can feasibly be removed or used for other purposes it may also be necessary to apply for a licence. For the four sectors in this study, the requirements on dual use goods will typically only affect businesses within the office/computer machinery sector.

#### **Administrative activities in companies**

Businesses which need to export dual-use goods will have to fill out an application form and submit it to the Department of Enterprise, Trade and Employment. During the course of interviewing businesses it has not been possible to identify any businesses who had filed an application for export of dual-use goods. Hence, the assessment of administrative activities is based on an expert assessment.

Dual-use goods are typically identified through their commodity code, and so a company will typically have prior knowledge that its products are potentially dual-use goods. Therefore, the company will also typically have had some past experience with exporting dual-use goods. However, given the low number of total annual applications (see below) it is likely that the individual business will not be filing the application on a regular basis. They will, in other words, have to spend some time getting familiar with the regulation each time they need to apply. When filling out the form, the company is required to give detailed information on what goods are being exported, and what the exported goods will be used for.

The vast majority of dual-use licence applications do not require outside consultation.

It is estimated that it will take around 3 hours in total to fill out the form, and that this work will be performed by a person within the managerial wage category. The form consists of five main data requirements, but it is estimated that businesses will spend the majority of the time giving information on the product being exported, and the end use of the product. Filling out the form requires the following administrative activities:

- Familiarisation with the information obligation (30% of total time);
- Information retrieval (25% of total time);
- Assessment (10% of total time);
- Text description (20% of total time);

- Internal meetings (10% of total time);
- Reporting/submitting information (5% of total time).

Complying with the dual-use requirements will in theory require that businesses which export products that could potentially have dual-use will need to maintain a surveillance system which will enable them to spot whether the export of a given product to a given client will require an export license.

During interviews with businesses, one company was interviewed who exported products that could be used for dual-use purposes. The company therefore had to maintain a system of compliance, which could ensure that it did not make any unintended export of goods which required an export license. Additionally, the company was an American owned company and therefore had to conform to US export regulation, meaning it cannot trade with certain countries under US embargo, for example, Iran and Syria. Therefore, the company also had to maintain a system of compliance that would ensure it did not violate US regulation.

For this purpose, the company had established a compliance system involving first level screening by an ICT system backed up by second and third level screening conducted by various compliance experts.

The respondent was asked about the running costs of having to comply with US export restrictions and EU dual-use regulation. These can be split into the following:

- Developing IT systems to ensure compliance;
- Maintaining such systems;
- Educating first level staff in how to use these systems;
- Having a second level company screen of suspicious orders;
- The cost of having to delay orders. Most orders are handled automatically within seconds, but others need to be looked at, delaying them for up to a couple of days;
- Having staff in Ireland (2 people) assess all orders, which for some reason or another were deemed suspicious.

However, identifying the exact regulatory costs of maintaining such a system was found to be almost impossible by the respondent, as it was difficult to assess what part of the work was done for regulatory reasons (and indeed what part was caused by EU and US regulation respectively), and what part was done for normal business reasons. However, the two staff working in Dublin worked almost exclusively on ensuring that the company was in compliance with export regulation, making the costs of employing them almost entirely due to regulatory requirements.

Hence, it is extremely difficult to distinguish between the normal operating costs and the substantive compliance costs of operating a compliance system on dual-use goods. Therefore, no attempt has been made to try and assess the substantive compliance costs of this regulation.

### Number of iterations

In 2007 a total of 563 export licenses for dual-use items were issued. This information has been provided by the Department of Enterprise, Trade and Employment.

The applications fall within the following four categories:

- Category 0: Nuclear materials, facilities, and equipment 2 applications
- Category 2: Materials processing 11 applications
- Category 3: Electronics 134 applications
- Category 5: Telecommunications and information security 416 applications

For the purpose of this study it will be assumed, that applications within category 3 and 5 are all filed by companies within the office/computer machinery sector and businesses producing software. Hence, it is assumed that this sector will file around 550 applications annually.

### Administrative costs

The total administrative costs of submitting an application for export of a dual-use good is as follows:

- Per application €101.07
- In total for all applications €55,589<sup>60</sup>

All of these administrative costs are due to EU requirements.

## VAT Return of Trading Details - non EU-exports

Once a year, all registered traders must give a breakdown of the supply of goods and services, imports and deductible inputs at the various VAT-rates applicable during the year. The required information includes all Irish, Intra-EU and overseas trade.

Specifically in relation to exports (both to the EU and non-EU countries) businesses have to supply data on Value of Supplies of Goods & Services. The regulation related to this requirement is implemented by the Office of the Revenue Commissioner.

### Administrative activities in companies

As previously noted, reporting figures on exports is relatively straightforward as only a combined figure for exports to EU and non-EU countries needs to be supplied. In order to supply this information an employee within the clerical wage category will extract a report from the IT-system where the relevant information on total value of exports will be listed. Typically, this will be a figure for EU and non-EU exports respectively, and it is therefore only necessary to sum these two figures. While reporting the import related information will take

---

<sup>60</sup> Please note that there may be discrepancies in the total administrative costs figure for all filings. This is due to the rounding that has been applied in this text on the per registration/filing figure.

4 hours and 45 minutes the export related information only takes 15 minutes to report, and will involve fewer administrative activities:

- Familiarisation with the information obligation (50% of time);
- Information retrieval (20% of time);
- Calculation (20% of time);
- Reporting/submitting information (10% of time).

Businesses will typically not have established routines to handle the task, and will therefore have to spend a majority of the time on identifying what information is actually required of them.

For analytical purposes, the time consumption is split between the time that is spent handling figures on EU exports and time spent handling figures on non-EU exports. Since the majority of exports from Ireland go to the EU, 75 per cent of the time consumption is allocated to handling figures on EU exports, which means that around 11 minutes is spent handling figures on EU exports, while around 4 minutes is spent handling figures on non-EU exports.

#### Number of iterations

This is an annual form so there is just one return per trader per annum. For the four sectors the numbers of forms returned in 2007 were:

- NACE Code 15: 123 forms
- NACE Code 24.1: 7 forms
- NACE Code 24.4: 15 forms
- NACE Code 30: 25 forms

The above information has been provided by Revenue. Some of the returned forms will only contain information on imports, while others will only contain information on exports. However, it has not been possible to identify the exact figures in this respect, so for the purpose of this study it will be assumed that all returned forms contain information on both imports and exports.

As noted earlier it is compulsory for businesses to file the VAT return of trading details form once a year. Assuming that businesses who export to the EU also export to non-EU countries there should be a total of 1,505 filings with information on exports to non-EU countries.

#### Administrative costs

The total administrative costs of entering information on non EU-exports imports on the VAT return of trading details are:

- Per registration €1.53

- In total for all filings €259<sup>61</sup>

The administrative costs related to information on non EU-exports constitute 1 per cent of the total costs of completing the VAT Return of Trading Details form. Revenue has informed us that the Return of Trading Details is an EU requirement. While the EU requirement is set out in VAT Directive 2006/112/EC, there are options for Member States in terms of frequency. Ireland has opted to apply the minimum requirement, being a return only once a year.

The above costs correspond to the actual compliance costs of the requirement, and not the full compliance costs of the regulation, which would be the costs if all registered traders within the four sectors filed the VAT return of trading details with information on non EU-imports. The full compliance costs of the requirement would be €2,296.

---

<sup>61</sup> Please note that there may be discrepancies in the total administrative costs figure for all filings. This is due to the rounding that has been applied in this text on the per registration/filing figure.

## Annex 6 Qualitative description of import and export requirements which are not covered by the measurement

This study is an attempt to identify import and export requirements within the Irish sphere of influence, which are faced by Irish businesses within four sectors of the economy. However, the requirements that have been identified and described above are not an exhaustive list of requirements that a businesses within one of these four sectors may be faced with when importing or exporting. Hence, a number of requirements were identified during the study, which can affect businesses within one of the four sectors. However, for various reasons these requirements have not been quantified.

### Non-regulatory requirements

When importing and exporting, businesses will experience a number of related costs. Some of these costs will be due to regulatory requirements, while others will be due to requirements set out by private parties whom the company engages with when importing and exporting. Hence, the companies may have to spend time organising the shipment with the freight forwarder, interact with the bank, suppliers, customers etc.

It is beyond the scope of this study to assess the costs businesses have when faced with these non-regulatory requirements, and they have therefore not been included in the measurement. To include them would give a comprehensive picture of the costs businesses have when importing and exporting, but it would also turn the focus of the study away from identifying what government can directly do to lessen the costs of complying with government regulation.

### Third country requirements

A number of trade related requirements were identified during interviews, which are third country requirements and therefore beyond the scope of this study.

For example, companies exporting food products to the Middle East will often be faced with having to provide health certificates or certificates of origin. Specifically the certificate of origin was viewed as an irritant for these companies, as it required a lot of paperwork, and made very little sense to the companies. In order to obtain a certificate of origin, a copy of the order placed by the Middle Eastern company has to be presented to the Dublin Chamber of Commerce, which will then certify that the products intended for shipment are of Irish origin.

This certified statement then has to be presented to the Arab-Irish Chamber of Commerce, who will stamp the order, making it possible for the order to be shipped. In some cases, the documents will also have to be presented to the embassy of that country for further verification. The certificate of origin is almost always issued, so export is not hindered, but



the process can cause considerable delays in shipment (from a couple of days up to weeks in worst cases), and thus lead to increased costs.

The affected companies were arguing that when trade agreements are negotiated with these countries, the EU needs to stress that such certificates - and especially the certificate of origin - are in fact just trade barriers, which need to be removed.

## Commercial invoice

For all products which are exported to non-EU countries, a commercial invoice needs to accompany the shipment. The commercial invoice details the name and address of the sender and recipient, country of origin, description and value of goods etc.

The commercial invoice is used by customs in the receiving country to determine the amount of duty that needs to be paid for the shipment, before it can be released from customs.

Issuing commercial invoices is highly automated in the normally efficient company. The information needed to complete the commercial invoice is entered into the company's IT-system when the order is received from the buyer - in some companies it is even entirely automated as the buyer places its order online.

Hence, the only administrative activity involved in issuing the commercial invoice (other than printing it) is an assessment on the part of the company in order to ensure that the information on the commercial invoice is correct. This takes a very short time for the business.

It has not been possible to obtain a figure on the total number of commercial invoices that are issued by Irish companies. However, in 2007 approximately 300,000 export SADs were lodged with Customs in respect of goods exported from Ireland to countries outside the EU. Assuming there is a one-to-one relationship between the number of export SADs lodged and the number of commercial invoices issued by companies (each shipment that goes through customs will be accompanied by a commercial invoice), Irish companies will have issued approximately 300,000 commercial invoices in 2007.

Issuing commercial invoices is carried out in order to satisfy requirements in the country of the recipient company. Hence, the marginal administrative costs of issuing the commercial invoice are not included in the assessment of total trade related administrative costs, as this study only deals with administrative costs arising from Irish or EU requirements.

## Export refunds

Certain agricultural products are entitled to export refunds, when being exported from the EU. Export refunds are a mechanism whereby exporters of agricultural products are provided with a subsidy which compensates for the difference between world prices and EU prices. The

‘internal’ EU prices for products are usually higher than prices on world markets. This allows EU producers compete on world markets.

The absolute value of the export refund is varied, depending on EU and world prices at that time. Currency exchange rates also have an effect as world trade is conducted in US\$, whilst EU prices are in Euros.

Applications for export refunds are made by the exporter to the Department of Agriculture and Food which acts as the agents for the EU Commission.

The table below shows the number of Export Refund Single Administrative Documents (SADs) by Commodity Type.

**Table A13: Export refunds**

	Declarations Paid (2007)	Companies	Declarations Paid 1. half 2008	Companies
Beef	541	9	327	8
Milk	2,893	11	114	8
Processed Products	10,052	26	4,169	19
Pig Meat	-	-	91	3

Source: Department of Agriculture, Fisheries and Food.

Export refunds used to apply to a wide range of agricultural products, but the range - and the refund - has been gradually narrowed. Currently there are refund rates on a number of products, including, milk, milk products, beef, the sugar element of processed products and pigmeat.

Companies have the option of drawing down export refund in advance of completing the transaction by lodging a guarantee with the Department of Agriculture, Fisheries and Food. Guarantees are usually provided by a bank or insurance company and the cost of the guarantee is related to the funding provided.

In order to claim the export refund an EUR.1 certificate will typically have to be presented to customs. Two of the interviewed businesses had experience with filling out and filing the EUR.1 form. One company used it to claim preferential origin for its products. Hence, in order to help the export trade of the EU, trading agreements with certain countries have been set

in place. These allow originating exports from the EU to enter these countries at a reduced or nil rate of duty. The other company used the EUR.1 to claim export refunds on the sugar element of its products. The companies spent between 15-30 minutes on filling out the form.

Companies claiming export refund for beef will have to file approximately eight additional forms to the Department of Agriculture per consignment, and these forms have to be completed manually. These are known as HR and FR forms and are all based on EU requirements. No companies claiming export refund on beef were interviewed as part of the study, but it is assumed that they will spend between 2-4 hours completing all of the necessary paperwork.

Using the data on the number of declarations paid in 2007, the estimated time to complete the paperwork, and assuming that the work is conducted by a person within the clerical wage category, the administrative costs of claiming export refunds amounts to between €105.000 and €211.000.

The scheme of export refunds is based on direct working EU regulation and is therefore not an administrative cost under Irish influence. Likewise, the advance payment of export refunds is based on EU regulations and is not an administrative burden imposed under Irish influence. For these reasons, the administrative costs have not been included in the quantitative part of the study.

## Export control on military goods

A business might come into a situation where it is exporting military goods that will require an export license. The regulation related to this requirement is handled by the Department of Enterprise, Trade and Employment.

For businesses within the four sectors of this study, it will most likely only be relevant for the office/computer machinery sector and businesses producing software - a software company exporting software used within the defence industry could thus be faced with such a requirement. However, it has not been possible to interview any businesses from any of the four sectors, who have had concrete experience with obtaining export licenses for military products.

In 2007 the Department of Enterprise, Trade and Employment issued a total of 75 export licenses for military goods. These licenses fall within the following categories:

**Table A14: Number and categories of licences for military use**

ML1 Small arms, automatic weapons and accessories, and specially designed components	11 applications
ML4 Bombs, torpedoes, mines, rockets, missiles, other explosive devices and charges and related equipment and accessories, and specially designed components	10 applications
ML5 Fire control, and related alerting and warning equipment, and related systems, test and alignment and countermeasure equipment, specially designed for military use, and specially designed components and accessories	33 applications
ML6 Ground vehicles and components	9 applications
ML8 Energetic materials and related substances	1 applications
ML10 "Aircraft", "lighter than air vehicles", unmanned airborne vehicles, aero-engines and "aircraft" equipment, related equipment and components, specially designed or modified for military use	1 applications
ML22 Software	5 applications
ML23 Technology	5 applications

Some of the applications filed under ML5 are likely to be filed by businesses within the office/computer machinery sector and by businesses producing software. Likewise all of the applications within ML22 are likely to be filed by businesses within the office/computer machinery sector and by businesses producing software.

However, given the low number of applications and the lack of data on filing the application, no attempt has been made to quantify administrative costs of obtaining an export licenses for military goods.

## Reporting medical statistics

A pharmaceutical company that was interviewed spent a considerable amount of time reporting statistics to medical authorities in the individual member states of the EU. The authorities use this information to assess the risks associated with the given pharmaceutical. According to the company there had been a steady increase in the amount of information the medical authorities in the individual member states required, to the point where the company now had a highly qualified person spending around ½ of her time on sorting out the different requests and reporting the correct data to the different authorities.

While the company fully understood the need to have a comprehensive picture of the risks associated with a specific drug, they were arguing that data could ideally be collected in a

more suitable way. Today, country A might come in January and ask for information on sales and side-effects of a given drug from the month of December and five years back. Then three months later, country B would come asking for sales and side-effects for the same pharmaceutical from the month of March and five years back. However, data delivered to country A could not be reused, because it did not span the same timeframe as the data required by country B. To complete the picture, country C might come in June asking for information on the same pharmaceutical, but this time only for a four year period. In this way, all the different member states to which the country sold pharmaceuticals would come at different points of time to ask for what was essentially the same information.

Hence, the company was arguing that data could conveniently be delivered to all member states at the same time of the year, covering the same period of years, or that data could be fed into a common system, and then extracted from there by the individual member states. Such simplifications would significantly reduce the administrative costs of the affected companies.

As the requirements on reporting medical statistics are of individual member state origin they are not in scope for this study. Moreover, it would also be extremely difficult to assess the amount of statistical reporting that Irish companies were faced with, as it would require some knowledge on the number of Irish medical companies trading in EU, how many EU countries they traded with, and how many different products they sold in the individual member states and the incidence of statistical requests from each country.

## Air Cargo Security Programme

As part of the development of Irish aviation security measures and in line with international developments in relation to aviation security, the Department of Transport introduced a new Air Cargo Security Programme on 1st January 2003.

To comply fully with the regulation, freight forwarders, handling agents, international express and courier companies have to decide if they wish to become a “Regulated Agent” and consignors will have to decide if they want to become a “Known Consignor” when presenting their cargo, express courier or mail shipments to an airline or regulated agent for carriage on an aircraft.

Regulated Agents can be airlines, airline handling agents or freight forwarders who have implemented a security programme acceptable to the Department of Transport. Firms wishing to become Regulated Agents must submit a copy of their security programme for examination and approval by the Department along with an inspection of the premises. Inspections will continue on an ongoing basis in order to ensure that they continue to comply with the necessary security procedures.

Consignors of air cargo can be designated as Known Consignors on the basis of certain criteria. Such a designation will facilitate speedier processing of air cargo consigned by such Known Consignors through the security controls applied by Regulated Agents/handling agents and airlines. In order to be designated as a Known Consignor, the company has to be examined by an independent validator who will examine applications from companies and undertake an inspection of the premises and procedures in place to protect air cargo from interference.

If a company does not wish to become a Known Consignor, shipments will be categorized as ‘unknown cargo’ and will be required to undergo 100 per cent screening either via x-ray, or hand-search by handling agents or airlines, which will result in extra costs and potential delays in outward transportation.

Regulated Agents are obliged to check a central the website each time they have a shipment from a Known Consignor to ensure that their status as a Known Consignor is still valid.

The Air Cargo Security Programme applies to all Air Freight Traffic regardless of destination. For USA bound cargo there are a number of additional requirements including AMS - Advanced Manifest Screening, whereby freight forwarders etc. have to capture 10 fields of information on each shipment and transmit this data electronically to the Airline up to 6 hours in advance of the flight departure. This data is then transmitted by the Airline to The Department of Homeland Security in the USA and it's then a matter of their discretion to decide if any given shipment can be loaded on the intended departing flight to the USA.

The Air Cargo Security Programme carries a number of compliance costs for freight forwarders etc. in terms of establishing and maintaining security programmes, which are partly or entirely transferred to their customers. Hence, the Air Cargo Security Programme has an indirect impact on businesses within the four sectors of this study. However, to them it is not a trade related requirement, but rather it is part of the general fee that they pay to the freight forwarder etc. Therefore, the costs of establishing and maintaining security programmes are not included in this study.

## Annex 7 Consultations

The views of the following agencies and organisations were sought during the course of the study:

- The Revenue Commissioners;
- Department of Enterprise, Trade and Employment;
- Department of Agriculture, Fisheries and Food;
- Central Statistics Office;
- University College Dublin;
- Irish Exporters Association;
- IBEC;
- Customs Consultative Committee;
- Trade Facilitation Ireland;
- ICT Ireland;
- American Chamber of Commerce;
- Irish International Freight Association;
- UN/CEFACT Techniques and Methodologies Group (TMG);
- ASEAN Secretariat;
- ITAIDE;
- APEC;
- Peruvian Tax Collection and Customs Administration;
- Mauritius Network Services Ltd;
- Swedish Trade Council;
- European Commission;
- European Commission Taxation and Customs Union;
- SITPRO;
- Finnish Maritime Administration;
- US Customs and Border Protection;
- UNECE.

Forfás would like to thank all of those who contributed



