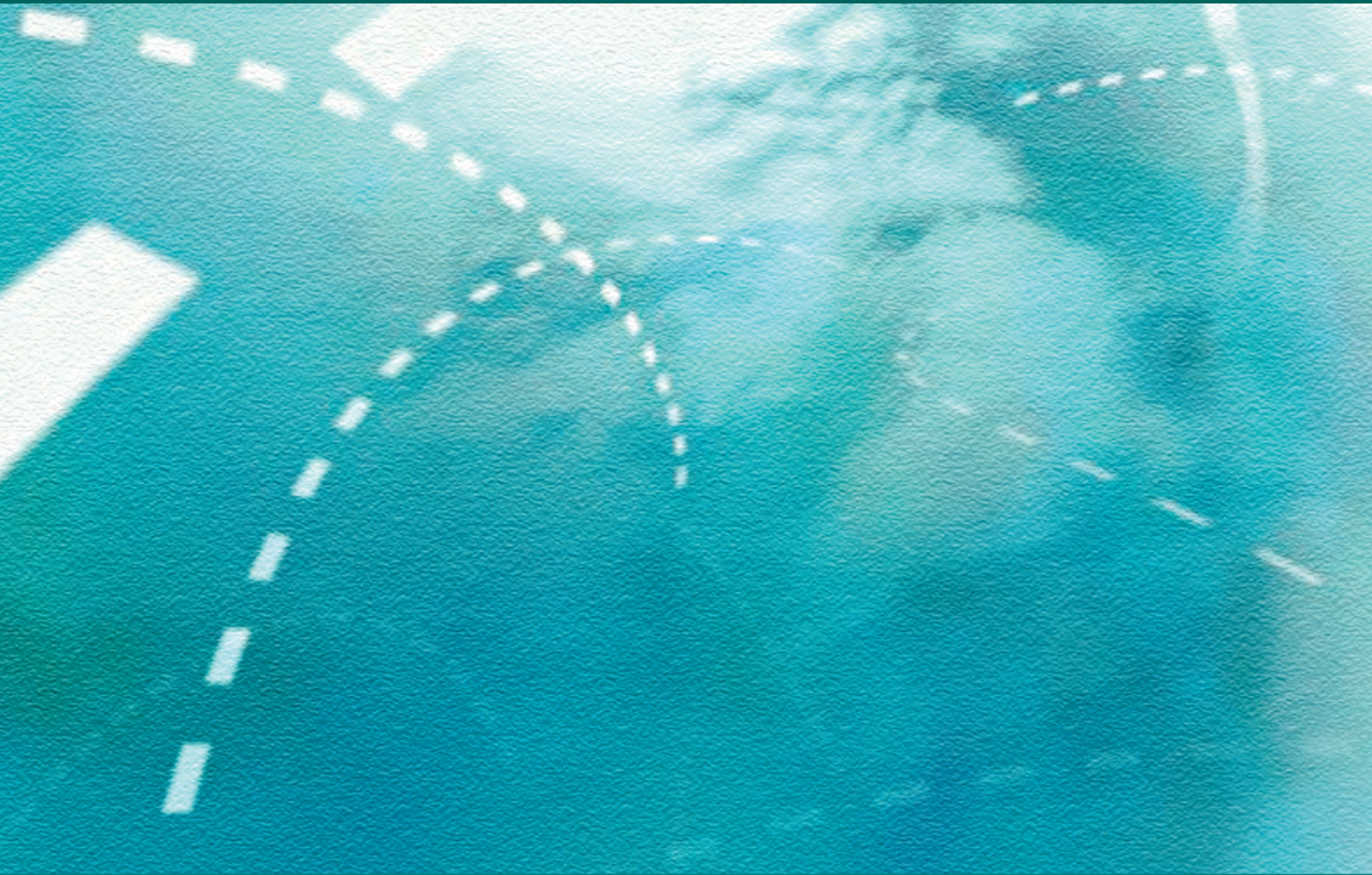


SINGLE WINDOW IRELAND

FACILITATING OUR TRADE

A VISION FOR A NEW WAY TO DO BUSINESS



Trade
Facilitation
Ireland



IEA



INTRODUCTION

Trade Facilitation Ireland was set up to promote the simplification of international trade procedures. One of the key tools we see towards achieving this goal is the establishment of a “Single Window”, whereby trade-related information need only be submitted once to fulfill all import, export and transit-related documentation.

As a nation, we have long recognised the burden excessive red-tape places on our enterprise sector, particularly small and medium sized enterprises. However we have not yet fully taken full advantage of e-commerce to provide concrete solutions for these problems.

In Ireland in 2007, companies engaged in international trade still have to prepare and submit large volumes of paper based documentation to comply with import, export and transit-related requirements. This information and documentation often has to be submitted through several different agencies and companies, each with their own specific systems and paper forms. Further, this problem is likely to get worse – increasingly many importing countries require detailed information and strict compliance procedures to ensure the security of their supply chains.

While there are already efforts at the EU to promote the idea of a Single Window, the awareness of the potential of this development amongst Irish policy makers is weak. Trade Facilitation Ireland, through this vision statement, aim to set out what we understand the nature of the problem of excessive administration on Irish trading firms, to outline the Single Window solution that we believe could be a powerful tool to sweep away much of this burden in the area of trade, and set out the next steps that are needed to make this vision a reality.



Brendan Farrell
Chairman
Trade Facilitation Ireland



Dr. Ronnie O'Toole
Senior Policy Analyst
Forfás



1. THE PROBLEM

The problem of the excessive administrative burden on firms is one that has been raised by a number of bodies, most notably the National Competitiveness Council and the Small Business Forum.

The act of exporting or importing is one area where there is a substantial regulatory burden. Companies involved in international trade regularly have to prepare and submit large volumes of information and documents to governmental authorities to comply with import, export and transit-related regulatory requirements. This information and documentation often has to be submitted through several different agencies, each with their own specific (manual or automated) systems and paper forms. These extensive requirements, together with their associated compliance costs, can constitute a serious burden to both the business community and governments and can also be a serious barrier to the development of international trade.

For example, an exporter from Ireland must comply with all the regulatory requirements of the Customs bodies of both Ireland and their destination countries, including revenue collection, protection and security issues. Further, many other governmental agencies can be involved, whether in Ireland or in other countries. For example, the Department of Enterprise Trade and Employment is mandated to manage the licensing system for dual use military/civilian goods, while the Department of Agriculture ensures food safety.

Further, the act of exporting or importing requires far more procedures than simply dealing with government. Apart from the communication between the buyers and sellers, a number of service providers are also involved, and most of the data required for each is common:

- Packers;
- Freight forwarders;
- Carriers;
- Customs brokers;
- Hauliers;
- Chambers of Commerce; and
- Banks and other financial institutions.

The data required by these private sector service providers overlaps the requirements of the regulatory authorities to a significant extent. As such, much of the work involved is duplicated, and unnecessary. Costs are not only in direct monetary terms, but also arise from the effect of time delays and other uncertainties which may complicate the process of trade. Further, there can be substantial implications of 'getting data wrong'. If a firm only has to enter data once, they can take care to do it properly, and greatly reduce the risks of incorrect data.

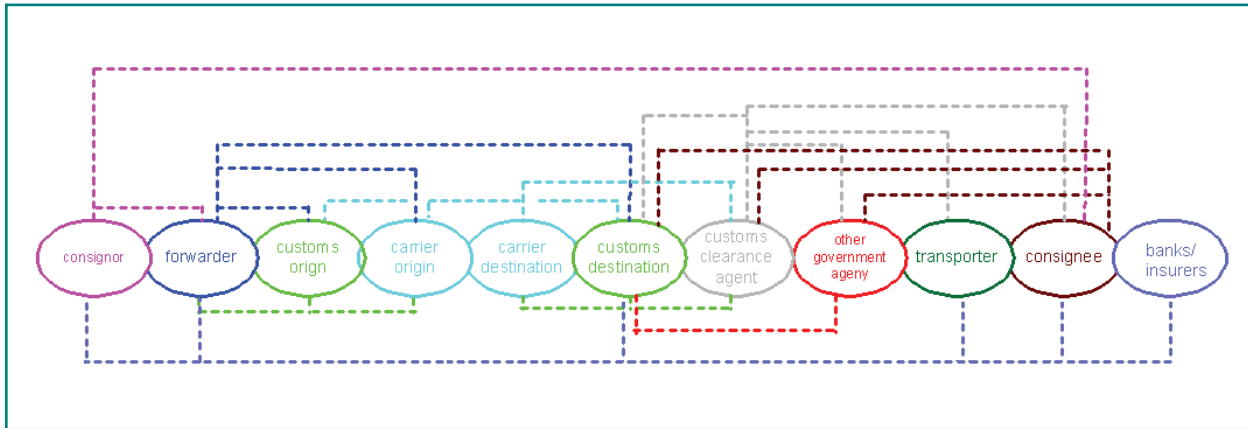
This burden of regulatory compliance is not spread proportionately across companies of different sizes. Several UK studies have demonstrated that average compliance costs fall as business size increases,¹ and that the disproportionate cost of compliance is the primary issue affecting small business.² It is estimated that small businesses in the UK with two employees spend over six hours per month per employee on Government regulation and paperwork, while those with over 50 employees spend less than two hours per employee.³

1. The UK Hampton review (2005) sets out numerous areas of regulatory burden that impact more on small firms than large firms. Further see: The Impact of the Budget on the Small Business Economy, Chittenden, F., Poutziouris, P., and Michaelas, N., Manchester Business School, 2000.

2. Estimating and Alleviating the Goods and Services Tax Compliance Cost Burden upon Small Business, Pope, J., Department of Economics, Curtin University, 2002.

3. Survey of Small Business, SBRC/NatWest, 2003.

Figure 1: The communications required in Exporting or Importing



This weight of regulation and bureaucracy is likely to increase in the coming years given the new security environment with its emphasis on advance information and risk analysis. This drive for greater security is being led primarily by the U.S., though the U.K. is also at the forefront of introducing measures in this area. These two markets account for two-thirds of all Irish exports, and our continued success in them is critical to our future economic prosperity.

2. SINGLE WINDOW - A VISION FOR IRELAND

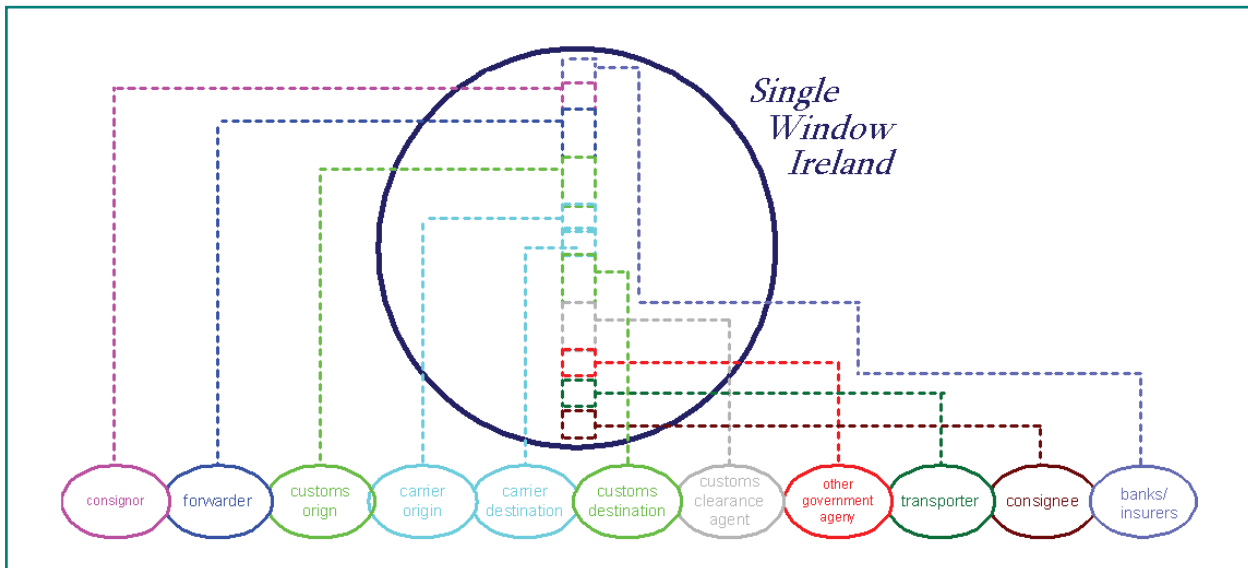
One approach that has been adopted to address this problem by a number of countries and regions throughout the world is the establishment of a Single Window, called simply 'Single Window Ireland', whereby trade related information and/or documents need only be submitted once at a single entry point. This can enhance the availability and handling of information, expedite and simplify information flows and can result in a greater harmonisation and sharing of the relevant data across governmental systems, bringing meaningful gains to all parties involved in cross-border trade. The successful development, implementation and adoption of Single Window services will yield massive annual savings due to use of electronic over paper based systems and greater potential for security and control of goods movements between and through states and countries⁴.

The UN (through UNECE) has promoted the concept of a 'single window' for some years.⁵ The UN estimates that, depending on the size of country and complexity of the system, a Single Windows project can cost anywhere between 8m and 40m. Given that Ireland has already fairly advanced customs systems, the cost may be at the lower end of this scale. The European Commission now mandates that Single Window initiatives should be developed throughout the member states of the EU and this forms a key element of multi-annual strategic plan for the EU's Taxation and Customs Union Directorate General (TAXUD).

4. "A Roadmap Towards Paperless Trade" http://www.unece.org/forums/forum05/roadmap/roadmap_oci05.pdf

5. http://www.unece.org/cefact/recommendations/rec33/rec33_trd352e.pdf

Figure 2: Communications With Single Window Ireland



The Single Window is therefore a practical application of trade facilitation concepts meant to reduce non-tariff trade barriers and can deliver immediate benefits to all members of the trading community.

Trade Facilitation Ireland’s vision for a Single Window is that companies will only have to submit export or import information once electronically, and that this information can then be used by a range of public and private sector bodies. This vision goes beyond what many countries have already implemented, and would put Ireland at the cutting edge of trade facilitation globally. Trade Facilitation Ireland believe that the system developed in the Republic of Ireland should ultimately work seamlessly with any future UK system, creating a seamless connectivity between traders on both parts of the island.

EXAMPLE 1: THE SWEDISH VIRTUAL CUSTOMS OFFICE

The Swedish Single Window system, known as “The Virtual Customs Office” (VCO), allows for electronic Customs declarations and application for import and export licenses and licenses for strategic products. It can be integrated into the traders’ business system and can automatically update changes in exchange rates, tariff codes and duty rates.

The Single Window also includes all trade-related regulations and can provide traders with automated updates on changes via Internet and/or SMS-services. The VCO also offers interactive training courses and possibility to customize and create personal virtual customs offices, which contain all information and processes that each trader uses and finds relevant to its needs and wants.

Import and export declarations can be processed both via Internet and EDIFACT. All services are pooled on a single VCO web page, currently more than 150 e-services are available. The information and procedures on the VCO supports ten different languages.

The system currently involves the Swedish Customs (lead agency), the Swedish Board of Agriculture, the National Board of Trade, the National Inspectorate of Strategic Products and the Police.

For further information: http://www.tullverket.se/TargetGroups/General_English/frameset.htm

Benefits for government

1. More effective and efficient deployment of resources;
2. Correct (and often increased) revenue yield;
3. Improved trader compliance;
4. Enhanced security;
5. Increased integrity and transparency.

Benefits for traders

1. Cutting costs through reducing delays;
2. Faster clearance and release;
3. Predictable application and explanation of rules;
4. More effective and efficient deployment of resources;
5. Increased transparency;
6. Ireland can become a leading destination for the Supply Chain Logistics operations of foreign multi-nationals;
7. Ireland can develop a niche, high-value software industry around developing Single Windows solutions based on the Irish experience.

The *Single Window Ireland* system should have the following features:

- The *Single Window Ireland* system is aimed primarily at SMEs, and as such the system should be simple as possible to use. Comprehensive operating instructions and guidelines should be created for users. Help Desk and user support services, including training, should be established, especially in the early implementation phase of the project. The Help Desk can also be a useful means for collecting feedback information on areas of difficulty and bottlenecks in the system, and this information can be a valuable tool in its further development. The need for and value of practical training courses for users is critical, especially in the early implementation phase of the project;
- The *Single Window Ireland* system should facilitate payment of government fees, taxes, duties and other charges, as well as facilitating payments between the consignee and other private sector bodies. This can be a very attractive feature for both government and trade. This element makes it essential that the banks are involved in the process at an early stage;
- In order to ensure compatibility with other international systems and applications, documents and data models must be based on international standards and recommendations, particularly those developed at the UN/CEFACT and the WCO. The harmonisation, simplification and standardisation of all data used in international trade are an essential requirement for smooth automatic operation of the Single Window;
- Ensure that the system developed is compatible with future RFID requirements.

EXAMPLE 2: THE UK AND SINGLE WINDOW

The Better Regulation Executive in the UK was tasked by the British Prime Minister with cutting red tape so that businesses can be more productive and public services more efficient. As part of this process, government departments, agencies and regulators have released simplification plans, which set out a programme of work which aims to deliver large savings in administrative burdens on business, as well as policy savings and public sector savings. The simplification plan initiatives include three initiatives in the area of simplification of trade procedures¹:

Initiative 1 – International Trade Single Window

Transactions are currently conducted through multiplicity of paper and electronic systems, using widely varying formats and standards – even when sending information to the same authority. The solution is to create a single electronic access point for all transactions: with data entered once and reused for pre-population_ Validation would be performed by the system_ and a single electronic message would be sent from the trader to Government.

Expected savings: As project rolls out additional transactions savings may run to £100s of millions

Initiative 2 – Information and Guidance Portal

This arose from the perception that rules regarding importing were unclear, and that information was kept in several different websites and rarely in plain English. Their solution is to create a new common information portal for all regulatory information, with a service for new/inexperienced traders as well as one to be launched for expert users.

Expected savings on administration: £50m+ by 2010

Initiative 3 – Automatic License Verification

When arriving in port, traders have to present the same paperwork to several different authorities, and depending on the goods and country of origin, present supporting documentation. They propose to facilitate data sharing by DEFRA² and HMRC systems to enable a single physical inspection of documentation, followed by automatic, system-to-system clearance.

Expected savings due to fewer errors: £8.6m in the period 2006/07 - 2010/11

1. <http://www.cabinetoffice.gov.uk/regulation/documents/simplification/initiatives.pdf>

2. UK Department for Environment Food and Rural Affairs

3. NEXT STEPS

Implementing a Single Window is a significant undertaking, involving many stakeholders and requiring commitment from many players in both government and business. Trade Facilitation Ireland believes the following steps should be taken:

PHASE I: INTENSIVE CONSULTATION WITH IRISH CUSTOMS

Timeline: 3 Months

Lead Actor: Trade Facilitation Ireland and Irish Customs

In every country where a Single Window has been successfully adopted, the relevant customs authorities have been central actors. The initial stage of implementing this project will be to develop an in-depth dialogue between Trade Facilitation Ireland and Irish Customs setting out how the vision of a Single Window can be achieved. The next stages of this project as envisaged by Trade Facilitation Ireland are set out below, though of course are subject to agreement with Irish Customs and other relevant bodies.

PHASE II: UNDERTAKING A FEASIBILITY STUDY

Timeline: 6 Months

Lead Actor: Irish Customs

The feasibility study is a key element of the overall Single Window development. Customs, in conjunction with Trade Facilitation Ireland, should also establish a Task Force with appropriate technical and managerial representatives of key agencies in order to carry out the organisational and implementation work required for the project. The study should determine the potential scope of the Single Window, the level and nature of demand, possible scenarios for implementation (including possible phases of implementation), potential for and nature of a pilot implementation, the cost of implementation under the different scenarios, other resources required (human, technical, etc), potential benefits and risks, time frame, implementation and management strategy. A Project Management Group made up of senior representatives of the key agencies that would be directly involved in implementing and utilising the Single Window should be set up which should include representatives of industry and the relevant government agencies.

PHASE III: CONSIDERATION OF THE FEASIBILITY STUDY REPORT

Timeline: 1-2 Months

Lead Actor: Trade Facilitation Ireland and Irish Customs

The findings of the feasibility study should be considered and approved (or otherwise) by the Task Force and eventually submitted for consideration by the Project Management Group. Following this, the agreed preferred Single Window option and the accompanying implementation scenario chosen should then be presented to the wider government and trade community, possibly through a national symposium on the establishment of a Single Window.

PHASE IV: IMPLEMENTATION

Timeline: 18 Months

Lead Actor: Irish Customs

Depending on the outcomes of Phase II, a pilot, phased or full implementation approach should be chosen for the implementation stage. The project management plan, which must be formally agreed by both the Project Management Group and Task Force, should contain a set of clearly defined interrelated tasks and event milestones that can assist the Task Force and the Project Management Group to plan, execute, monitor, evaluate, and adjust the project implementation. The ultimate success of the Single Window will depend critically on the involvement, commitment and readiness of these parties, to ensure that the system becomes a regular feature of their business process.