

Written evidence - Chartered Institute of Export & International Trade

Overview:

The International Agreements Committee is a Lords Select Committee. It is currently conducting a short inquiry on the topic of 'Data and Digital Trade'. The Chartered Institute of Export & International Trade is responding to one particular policy area which the inquiry is covering:

How could the government support digital trade facilitation via e.g. the digitisation of trade documents, recognising e-contracts or e-signatures in its international agreements or domestic regulation? Could current arrangements be improved upon and if so, how would this be achieved?

The Chartered Institute of Export & International Trade (CIOE&IT)'s purpose is to empower organisations and equip individuals with the expertise to trade effectively, sustainably, and competitively. Established in 1935, the Chartered Institute is trusted by governments, businesses, and trade professionals around the world as the leading expert in international trade and the foremost association of exporters and importers. It is committed to professionalising trade through education and training while partnering with national and international partners to facilitate the acknowledged mutual benefits of free, frictionless, and legitimate trade. The CIOE&IT is registered as a charity in the UK and operates globally.

Through our extensive engagement with the international trade community, as displayed above, the CIOE&IT recognises that digital trade facilitation measures are the next great opportunity for the journey of international trade modernisation, particularly in a context of increasingly challenging financial and regulatory restraints.

Indeed, many businesses within the supply chain community have already begun exploring the possibilities and investing resources to automate the completion of customs administration processes, and specialist organisations are bringing innovative technology to market which aims to reduce the costs connected with the bureaucratic burden and eliminate repetitive tasks. However, there is a need for greater government-industry collaboration to ensure that digital trade systems can be appropriately signposted and scaled.

This submission looks at two key areas where CIOE&IT believes there are opportunities for both government, and government-industry partnerships specifically, to support greater digital trade facilitation. The first is in relation to the positive implementation of digital trade corridors and Trusted Trader Schemes for technology. The second is in relation to the need for greater

support for the UK international trade community to adopt the measures enacted in the Electronic Trade Documents Act in September 2023.

CIOE&IT provides evidence to exemplify how the government can use these already existing frameworks to boost digital trade facilitation and provides three key recommendations:

Recommendations:

Recommendation One: To create space for greater digital trade facilitation measures, there needs to be a real move towards building a global community of interoperability. Parity of access is needed in countries across the world. It is of no use for the UK to accelerate the trade digitalisation agenda in isolation. Therefore, CIOE&IT would recommend that strong collaboration is maintained between global partners when implementing digital trade systems.

Recommendation Two: CIOE&IT would recommend that the government both continues and extends the Border Trade Demonstrator trials (which are assessing how technology may be used to support new trusted trade schemes to facilitate cross-border trade). The extension would include closer collaboration with the Department for Environment, Food and Rural Affairs (DEFRA) and the Food Standards Authority (FSA) on the development of integrated Trusted Trader systems.

Recommendation Three: There is a need for UK industry and government to partner together, following the first year anniversary of the Electronic Trade Documents Act (ETDA), in order to highlight to the business community the great value of adopting the measures in the ETDA.

Background:

Policy intentions around greater digitalisation of trade measures were laid out clearly in the former administration's 2025 UK Border Strategy. This strategy set out a vision for the UK border to be the most effective in the world and embrace innovative simplification processes for traders. Flowing from this strategy, Border Target Operating Model (BTOM) guidance was initially published in August 2023, which provided plans for a new approach to importing goods into Great Britain.

Within these plans was an intention for a new Single Trade Window (STW) to streamline customs administration and optimise collaboration between government departments, and a range of new Trusted Trader schemes to streamline entry and exit operations. The key principle within the STW is the streamlining of data submissions to improve system management for users by only needing to collect data once and then redistributing it to where it is needed.

The STW, alongside with recently implemented Customs Declaration Service (CDS), is seen as a 'fundamental enabler' for several government border transformations and these may also include findings from pilots (known as the 'Ecosystem of Trust' pilots) in the design process. The CIOE&IT were pivotal in leading two of these pilots and the next section demonstrates how the pilots act as a clear example of digital trade facilitation working successfully.

Digital Trade Corridors:

Ecosystem of Trust Pilots

The Ecosystem of Trust pilots were set up by the Cabinet Office to trial a theoretical border model for 'frictionless' trade. The UK government committed to testing this in the 2025 Border Strategy. The system uses technology to accumulate better (and more secure) data from traders' supply chains. This is done to both enable trusted trade relationships between the government and border users, and to help reduce industry costs and speed of movement of goods.

The CIOE&IT led both the UK government's Africa and EU to Immingham Ecosystem of Trust pilot schemes, bringing together a consortium with specific skills and experience to deliver research, policy engagement and technical assistance. The group used technology known as the Trade Logistics Information Pipeline (TLIP), developed by CIOE&IT in conjunction with TradeMark Africa.

Based on IOTA's distributed ledger technology, TLIP is an infrastructure solution that captures documentation and events, together with international trade declarations and certificates, for each consignment journey. It thus provides visibility of supply chain information, increased efficiency, greater traceability and supports Environmental, Social and Governance (ESG) performance metrics. The IOTA-based TLIP infrastructure is being deployed in a range of programmes across Africa, the UK and EU, with emerging interest from the Middle East and Asia.

In a Cabinet Office assessment [report](#) of phase 1 of the 'Ecosystem of Trust' pilots, it was noted that: "if the automation of customs declarations using business documentation, when it becomes possible, reduces industry's customs data collection costs by 40%, this could result in an annual average reduction administrative burden of up to £225m depending on the scale of uptake."

To provide a practical example of what time efficiency looks like in this scenario, the record number of documents submitted for a single

consignment alone was 650. Removing this level of administration for consignments is a significant timesaver for traders.

Moving forward, if the government can pinpoint where particular assurances are needed, industry can start providing them in return for fewer border frictions. This is known as Trusted Trader systems, based on technology and ensures that supply chain visibility and goods movement integrity capabilities can be expanded.

Border Trade Demonstrator Trials

The Ecosystem of Trust pilot concepts have developed into a 'phase 2' project, given the significant benefits highlighted in the Cabinet Office's report. Phase 2 looks at Border Trade Demonstrator (BTD) trials. The Border Trade Demonstrator (BTD) trials (also led by the Cabinet Office) are assessing how technology may be used to support new trusted trade schemes to facilitate cross-border trade.

The objective of the BTD trials is to explore how technology can provide greater 'trusted' visibility of supply chain information which combined with new Government 'Trusted Trader Schemes', such as DEFRA's Journey Assurance Monitoring (JAM) scheme, enables the frequency and scope of inspections to be reduced without compromising national security and citizen health and safety.

Information is gathered from suppliers, transport companies and agents and collated on the digital trade platform known as TWIN (Trade Worldwide Information Network). Government agencies and port authorities have comprehensive access to trusted supply chain information, enabling them to perform checks automatically.

TWIN is an Open Source platform (Fig 1.1), based on UN/CEFACT data standards to ensure its interoperability across international regions.

TWIN is governed by a board of internationally renowned not-for-profit organisations, including the Tony Blair Institute for Global Change, responsible for ensuring its mission statement is achieved:

"To create a neutral open collaborative trusted and interoperable digital ecosystem to facilitate sustainable trade for all".

TRUSTED VISIBILITY INTO THE SUPPLY CHAIN

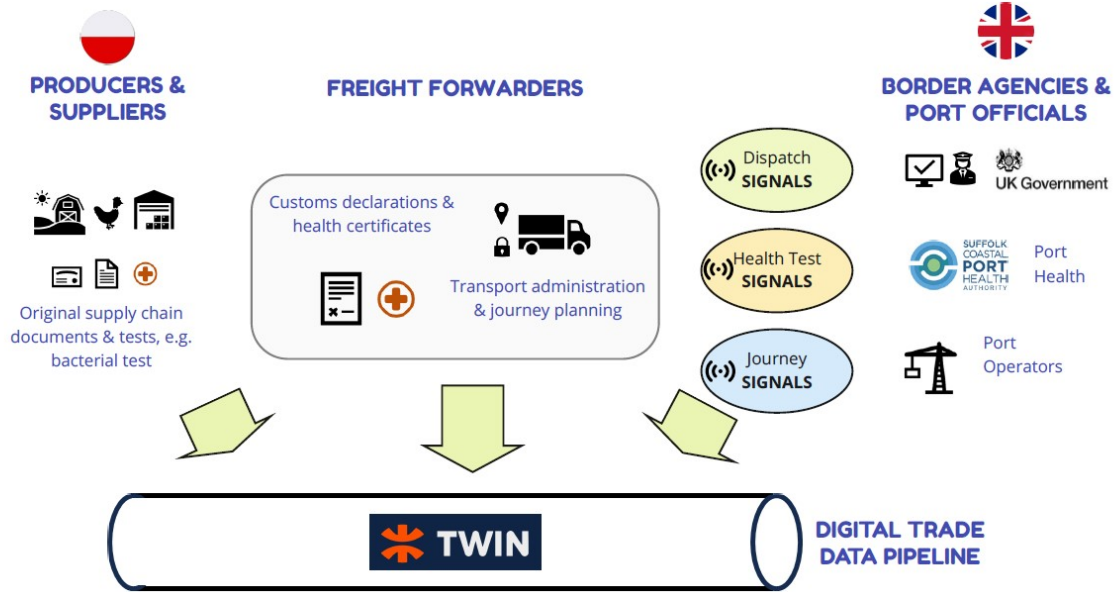


Fig 1.1 Trusted Visibility into the Supply Chain

Example: Consignments entering the UK from the EU

TWIN UK - UK IMPORT EXAMPLE For POULTRY SUPPLY CHAIN

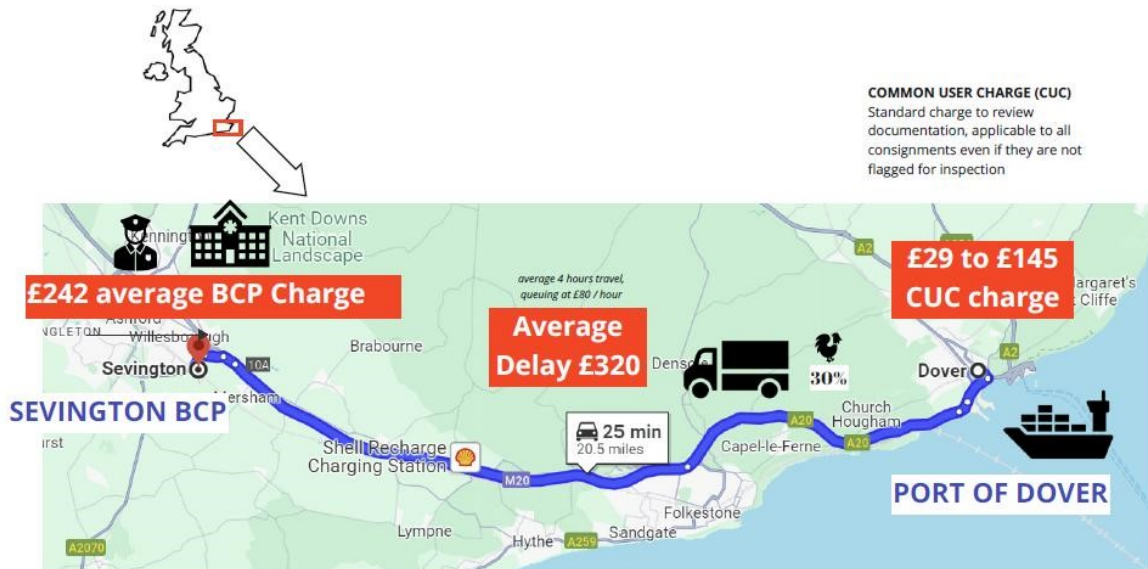


Fig 1.2 TWIN UK – UK Import Example for Poultry Supply Chain

There is a stated intention to renegotiate the terms of the Trade and Cooperation Agreement (TCA) with the EU to reduce non-tariff measures (NTMs) and stimulate trade between the regions. However, there are measures beyond the TCA which can be taken to improve trade flows.

Consignments entering the UK from the EU are subject to a range of documents and physical inspections depending on the classification of those goods. The diagram (fig 1.2) illustrates typical charges for a consignment of food products entering the UK via the Port of Dover.

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Electronic Trade Documents Act

Beyond digital trade corridor facilitation, wider infrastructure must be in place of the business community to effectively take advantage of digital trade advances.

The international trade community witnessed a significant step forward in this respect on 20th September 2023, when the UK's Electronic Trade Documents Act came into effect. The act placed electronic trading documents on the same legal footing as paper documents and put in place a framework to enable businesses to move their operations from paper-based to digital-based transactions.

The benefits of this piece of legislation lie in both a positive impact on costs, as well as the duration and environmental impact of customs and border processes, ultimately leading to an overall improvement in the efficiency of trade and lower administration costs. More broadly, usage of electronic bills of lading (eBLs) in containerised trade has more than doubled since the start of last year, with nearly 5% of bills of lading digital, up from 3-4% last year.

This is a positive trend, particularly given that moving from paper bills of lading to electronic equivalents is estimated to cut direct trade costs by an estimated US \$6.5bn, whilst also reducing the industry's carbon footprint. For businesses to take advantage of the benefits provided by this legislation, CIOE&IT has been supporting members in understanding the importance of this act and how it can help them trade more effectively with the rest of the world.

The UK has positioned itself as a key leader in digital trade and trade facilitation by spearheading this legislation. However, adoption is proving a challenge from a time and cost perspective. There is a need for a culture of change to be promoted, to support businesses in seeing the long-term benefits that come from digitalisation of processes.

It is important, therefore, that the international trade community works with government to re-emphasise the benefits of this legislation - particularly in relation to security and long-term time efficiency.

21 October 2024