



# SITPRO

**Simplifying International Trade**

## Annual Review 2009





## Chairman's Statement



The economic downturn that began in 2009 has presented challenges for every business. While international trade has suffered, it also represents one of the UK's best opportunities to emerge from this period in a strong position.

The Government recognised this opportunity in the Pre-Budget Report statement, highlighting the fact that "International trade represents a significant proportion of GDP and it is crucial that domestic trade regulation is as easy to comply with as possible, in order for UK based firms to remain internationally competitive."

This necessity to assist business provides opportunities for SITPRO. Our Five Year Strategy identified steps that would help to improve the trading environment in the UK and beyond. Objectives such as raising the UK's ranking in the World Bank's Doing Business Report and developing an International Trade Single Window for the UK have received additional impetus and greater support from Government departments across Whitehall.

SITPRO has always worked to improve the trading environment for UK businesses. The new projects taken on in support of the Government's objectives reinforce and support the original objectives of our business plan for this year and the overarching Five Year Strategy. Despite the problems our country has faced, this has been a successful year for SITPRO and hopefully, through the efforts of our Board, staff and dedicated stakeholders, it will lead to a successful period for UK traders in the years ahead.

A handwritten signature in black ink, which appears to read "Norman Rose". The signature is written in a cursive style and is positioned above the printed name.

**Norman Rose,  
Chairman**

## Developing a Better Business Environment

Since it was established, SITPRO has done its utmost to make international trade easier for businesses. Work that began with the development and adoption of recommendations for international trade documentation continues today with support for the best business practices and the exploration of new opportunities.

During this year SITPRO maintained its efforts to realise the benefits of paperless trading in the international supply chain. Development of the UNeDocs standards within the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) progressed steadily. SITPRO has been a major player in this project to develop electronic messaging for the international trade community since its inception and continued to contribute actively throughout the year.

The UNeDocs project received a significant boost with the agreement that the WCO Data Model (containing the data elements related to customs transactions) would be aligned with UNeDocs. This alliance creates a strong framework for the development of electronic messages that can cover all parts of the supply chain.

In the UK, SITPRO has been working to realise these benefits for UK business. The creation of the national implementation of UNeDocs, UNeDocsUK, has continued under the guidance of its new Executive Board. Work to promote the benefits of paperless trading has generated new interest in this work area from large businesses (see page 5).

Meanwhile efforts to implement some of these standards in projects are taking place around the world. The Asia-Europe Alliance for Paperless Trade (ASEAL) met to review progress on a number of relevant pilot projects. SITPRO met with other countries and international organisations to discuss further possible projects for the future.



Alongside these initiatives, SITPRO continued to promote other standards and recommendations that would improve the international trading environment. Activity within UN/CEFACT progressed the development of recommendations on single windows and e-invoicing. Revisions to the existing recommendations on dangerous goods and maritime documents were also considered.

Attempts to realise the benefits of e-invoicing gathered pace. SITPRO worked to join up efforts taking place in the UK, at UN/CEFACT and in the European Commission (EC) where work is underway to develop new legislation in that area. SITPRO developed strong working relationships with experts including members of the expert group and held discussions with the responsible officials from DG Enterprise.

SITPRO continued in its commitment to assist developing countries in reaping the rewards of trade facilitation. Although a suspension of the negotiations in the Doha round of trade talks at the World Trade Organisation (WTO) stalled progress on a multilateral trade facilitation agreement, SITPRO continued to promote the benefits of this work to ensure that the progress made to date is not lost.

SITPRO also undertook regional activities in East Africa to improve trade management in partnership with the private sector. SITPRO has taken responsibility for organising the business group whose input will be vital to the success of this project.

Finally, SITPRO continued its work to promote the development of an International Trade Single Window for the UK. The ITSW project had suffered due to lack of funding to deliver a large system to manage international trade transactions between business and government. As a result SITPRO began to consider a new model that would allow for a phased approach and require less resources to deliver (also see page 7).

## Keeping Businesses Informed

Keeping up with the latest international trade regulations and developments can be challenging for any business. Part of SITPRO's value to business is its use of its extensive knowledge of trade procedures to explain these complex issues to busy traders.

The main source of new legislation that impacts upon UK businesses is the European Commission. In particular, efforts to modernise the management of customs regulations through computerisation and the requirement for stronger security measures are having a significant effect on the trading environment. In order to ensure that businesses are kept up to date SITPRO published *The European Customs Environment and the UK Trader*, a guide explaining what traders need to know about European customs initiatives ([www.sitpro.org.uk/reports/eurcustenviro.pdf](http://www.sitpro.org.uk/reports/eurcustenviro.pdf)).

SITPRO launched this publication at a conference on Supply Chain Security in Amsterdam. Speakers at the conference, organised by SITPRO and its fellow trade procedures experts from across Europe (EFA from Germany, EVO from the Netherlands and ODASCE from France), included representatives from DG Taxud, US Customs, the World Customs Organisation and EU customs authorities.

Informing traders about new European developments was also at the heart of the Authorised Economic Operator (AEO) Information Day run by SITPRO for UK businesses. AEO status is a way of identifying trusted traders and requires that businesses undergo a series of checks. However, it is not mandatory and the event was intended to help clarify a potentially difficult business decision for SMEs by outlining the key issues to be considered, offering insight into the process of achieving AEO status and highlighting the critical issues to be considered when making an application. The two sessions were very well attended and greatly assisted the businesses that attended.



Throughout the year, SITPRO's trade procedures helpdesk continued to provide basic support for businesses, answering the difficult questions about trade procedures and documents that online guides cannot address. SITPRO's advisers also attended numerous advice events and seminars around the country from Harrogate to Bristol, offering advice to businesses in person.

One area where businesses efficiency could be improved is in the application of straight-through-processing techniques. SITPRO commissioned the 'Hermes' research project to investigate the potential benefits of electronic messaging throughout the supply chain. The study focused on the perishable goods industry. These products are particularly vulnerable as any delays increase the risk of spoilage. The report estimated that there were up to 1.4 million incidents of missing or delayed documents in a single year for perishable foods imports into the UK alone and that nearly a third of all trade data is re-keyed, creating inefficiencies and risking discrepancies that could be avoided with paperless trading.

The Hermes report was published alongside additional research into paperless trading that was conducted by Lancaster University. Following the release of this material, SITPRO commissioned further research by Lancaster University and met with grocery chain multiples (the large supermarkets) to explore the possibility of pilot projects to quantify the findings of the Hermes study.

The new European Services Directive, implemented from 1 January 2010, is another opportunity for businesses. SITPRO has helped to promote the benefits of the new services regime both to UK businesses and in countries that might use the UK as a location for inward investment into the European services market. This included a workshop in India and the publication of a brief introduction to the Directive, with a more detailed guide due to be published in the next year.

## Understanding Businesses' Requirements

Towards the end of 2008, the Chancellor of the Exchequer's Pre-Budget Report included a commitment by the Government to "take forward a Department for Business, Enterprise & Regulatory Reform and HMRC led work programme to review the cost to business of complying with international trade regulation and put forward an action plan alongside the 2009 Pre-Budget Report setting out how it will reduce costs to business."

This announcement was part of the response to the financial crisis that has affected all parts of the economy. Supporting businesses, particularly SMEs, became the primary concern of all Government-funded bodies, including SITPRO. Additionally, during summer 2008 the World Bank published its annual Doing Business Report, which ranks 180 countries according to the ease of doing business in or with them. While overall the UK ranked 6th, it was ranked 28th in terms of ease of trading across borders. With international trade in goods being such an important contributor to the UK's GDP (with exports totalling £221bn and imports £310bn in 2007), and with many of the UK's competitors being ranked higher, this helped fuel the concerns of the Government.

SITPRO was already investigating the Doing Business Report and worked to ensure that more accurate information was submitted to the World Bank in the hope that this would help raise the UK's ranking to a more appropriate level. This effort became part of the cross-Government project that was established to carry out the review of trade costs.

The objectives of the review were to identify significant compliance costs to business from international trade regulation that could be reduced or avoided altogether, and to set out a practical course of action to make trade with the UK easier and less costly for UK traders. In the final quarter of the year, SITPRO began its task of consulting with the business community in order to find evidence of trade regulation or procedures that are creating burdens that business feels is unnecessary and which could be reduced or avoided altogether.



This consultation exercise continued and gathered pace as the new business year began with the emerging results influencing an action plan of changes that could significantly reduce the regulatory burdens that businesses face in the future.

Alongside this core consultation SITPRO also began two more detailed consultation exercises: the first examining procedures in the port environment and how they have improved since the publication of SITPRO's Ports Report a decade earlier; and the second exploring a new type of interface to deliver the aims of the International Trade Single Window project in the hope that this work would be included as a deliverable within the Government's action plan.

Throughout the year SITPRO also conducted a number of other consultation exercises in order to identify ways to improve the trading environment. A consultation with SITPRO's licensees examined how SITPRO's successful range of international trade documents are being sold to and used by traders in the current business environment. This work will feed into decisions about not only the future of the documents but the development of electronic equivalents to these messages.

SITPRO also took part in work to identify potential revisions to Incoterms, the trade terms used to define the transfer of risk and responsibility in the supply chain. This consultation was the first stage in a process of revision and refinement of those rules, which will lead to a new version of the Incoterms publication in the future.

Finally, SITPRO consulted with businesses and the Department for the Environment and Rural Affairs (Defra) to identify a way forward for the Defra Import/Export Consultation Exchange. This group had been successful in opening dialogue with Defra and traders, but its management required improvements. As a result of the consultation it was agreed to integrate the group into SITPRO's Ports and Borders Group.

# SITPRO's Board, Staff and Advisory Council

## The Board of Directors as at 31 March 2009

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### Chairman

Norman Rose Non-Executive Director, BiP Solutions Ltd

### Deputy Chairman

John Cooke International Economic Relations Consultant

### Directors

Ted Brown Chairman, Cophall Associates Ltd  
Åke Nilson Managing Director, Marinade Ltd  
Tony Watson International Trade Specialist

### Ex-Officio Members

Julian Farrel Director, Trade Operations, Department for Business, Enterprise and Regulatory Reform (BERR)  
Doug Tweddle Director, Customs and International, HM Revenue and Customs

### Company Secretary and Secretary to the Board

Graham Bartlett

## The Staff as at 31 March 2009

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Malcolm McKinnon Chief Executive  
Graham Bartlett Director, Policy  
Sue Bravery Deputy Director, e-Business and Technical Standards  
Peter Kenton Deputy Director, Trade Practices  
Sanjay Sharma Accountant  
Shondeep Banerji Senior Policy Adviser  
Paul Hiscock Head of Communications  
Aileen Prendergast International Trade Adviser  
Nina Wilkins International Trade Adviser  
Siobhan Aarons Policy and Research Manager

## **The Advisory Council as at 31 March 2008**

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Jon Averns	Port Health Director, London Port Health Authority
Oliver Bretz	Partner, Clifford Chance
Simon Dalton	Managing Director, TNL Ltd
Chris Godwin	Government Programmes Manager, IBM (UK) Ltd
Andrew Hope	Director, International Chamber of Commerce UK
Mike Peters	Chief Information Officer Directorate, Defra
Peter Quantrill	Director General, British International Freight Association
Jack Wigglesworth	Past Master, Worshipful Company of World Traders
Peter Wilkinson	International Affairs Director, Scotch Whisky Association
Graham Woolley	Senior Product Manager, Trade Services, HSBC

## **Departures since 1 April 2008**

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### **Directors**

Catherine Truel	Specialist Writer, International Trade
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### **Ex-Officio Board Members**

Rosalind McCarthy-Ward	Director, Market Access, Department for Business, Enterprise and Regulatory Reform (BERR)
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### **Advisory Council**

Stuart Brady	Confederation of British Industry
Ted Brown	Chairman, Cophall Associates Ltd
Andrea Marston	Chief Information Officer, Defra

# Income and Expenditure Account For The Year Ended 31 March 2009

	2009	2008
	£000	£000
<b>Income - Operating Activities</b>		
HMG Grant-in-Aid	780	767
Income From Activities	54	147
	834	914
<b>Total Costs</b>		
Staff Costs	(511)	(478)
Depreciation	(5)	(5)
Other Operating Costs	(316)	(432)
	(832)	(915)
<b>Operating (Deficit) / Surplus on Operating Activities</b>	2	(1)
Interest receivable	1	2
<b>Surplus on Ordinary Activities Before Taxation</b>	3	1
Corporation Tax	-	(1)
<b>Surplus on Ordinary Activities After Taxation</b>	3	-
<b>Retained Surplus Brought Forward</b>	102	102
<b>Retained Surplus Carried Forward</b>	105	102

## Statement of Total Recognised Gains and Losses

SITPRO made no recognised gains or losses in this or the preceding financial year other than the surplus or deficit for the period

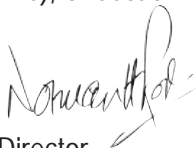
All amounts relate to continuing activities

# Balance Sheet as at 31 March 2009

	2009		2008	
	£000	£000	£000	£000
<b>Tangible Fixed Assets</b>		4		6
<b>Current Assets</b>				
Debtors	8		17	
Cash at bank and in hand	154		97	
	162		114	
<b>Creditors</b>				
Amounts Falling Due Within One Year	(61)		(18)	
<b>Net Current Assets</b>		101		96
<b>Total Assets Less Current Liabilities</b>		105		102
<b>Accumulated Funds</b>				
Income and Expenditure Account		105		102
<b>Member Funds</b>		105		102

## Statement by the Directors

The figures and financial information for the year 31 March 2009 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar and included the auditors' report which was unqualified and did not contain a statement either under section 237(2) of the Companies Act 1985 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 237(3) (failure to obtain necessary information and explanations).



Director



Director

Date - 1 July 2009







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