Single Trade Window: What could this mean to UK PLC?
Since the 1990s governments across the world have been gradually reshaping their borders to meet the needs of the businesses and citizens using them, rather than the public agencies that control them. We see this most clearly in the emergence of Single Trade Windows - digital systems that allow traders to submit all of their customs data to government in a single entry, instead of communicating with agencies individually.

The spread of Single Trade Windows from Asia to the US and now Europe has become a key part of states’ appeal to business in an increasingly competitive global trade environment. According to one study, Single Trade Windows increase trade by more than a third. To be without one is to impose administrative burdens on businesses that they can avoid elsewhere.

Leidos has commissioned the New Statesman to conduct a research study to understand in greater detail, industry’s attitude to this potentially transformative step in UK trade. The research conducted includes a survey of over 140 trade organisations and a range of experts on UK trade and global STW practices. This paper draws on the results of the survey and subsequent interviews with respondents.

Creating a UK STW will involve:

- Unprecedented collaboration between the web of government agencies that share responsibility for the border and, crucially, interoperability of their IT systems;
- Coordinating an additional patchwork of private sector providers who own ports, airports and deliver key services at the border;
- Deciding whether to tackle the current structure of UK trade, where most businesses pay intermediaries to navigate complex customs rules on their behalf.

We are at the beginning of a transformation so complex, it has the potential to span decades. Overcoming institutional challenges to enable successful implementation of a UK STW will require substantial political resolve, however, the payoff for success in ease of trade and national prosperity will be correspondingly large.

As the UK moves beyond Brexit it has signalled its intent to build its own Single Trade Window. It will seek to emulate states such as Singapore, whose world leading STW allows businesses to meet private as well as public sector reporting requirements. The greatest benefit, UK respondents to the survey have said, would be a reduction in bureaucracy after Brexit.

What would be the greatest benefit to your organisation of working with a UK Single Trade Window?

- 44.4% Reducing bureaucracy following Brexit
- 16.7% None
- 11.1% Lower end-to-end cost of trade
- 11.1% Higher supply chain predictability
- 10.2% Faster trade processing
- 2.8% Ability to aggregate data and suspend duties
- 2.8% Other
- 0.9% Easier license renewal

Based on a survey of 108 British respondents, who work in a range of sectors including: media and entertainment (38.7%), consumer services (9.2%), software and services (8.3%), financial services (5.6%), retail (5.6%), and food, beverage and tobacco (5.7%) among others.
Analysis of existing STWs suggest four key principles the Cabinet Office should follow:

a Follow global best practice including the data model recommended by the World Trade Organization, to make the UK STW interoperable with others around the world

b Consult and make key decisions with industry, including small and medium sized enterprises (SMEs) and the trade facilitators which currently submit customs data on behalf of businesses

c Show political will, because the road to an STW can be long - more than 20 years from framework to first implementation in the case of the US

d Be realistic, given how long it takes to build effective STWs, the first iteration may not include a universal offering

Introduction

Love or loathe Brexit, it is now a reality, and there is significant onus on making the country at least as easy to do business with as it was before leaving the European Union, if not much more so. Central to that is facilitating the smooth movement of goods into and out of the UK by businesses.

“We are no longer part of a market of 500 million people,” as David Henig, director of the UK Trade Policy Project puts it. “We only have our own, much smaller, market to offer, so there is a real onus on us to put more effort into facilitating all sorts of trade.”

The 2025 UK Border Strategy, announced in late December 2020, has set out ambitious goals to create the “world’s most effective border”, with new technology deployed to make trade safer, more secure and efficient. A key plank of the strategy is a proposal for a Single Trade Window, which would allow importers and exporters to submit customs information just once, before it is disseminated to any government department or agency that needs it. The intention is to sharply reduce bureaucracy and processing times for traders.

In this report we will explore the development of STWs across the world and the risks and opportunities they present for governments. We will conclude with lessons from global experience to support thinking on how the UK can progress on the journey to building a world-class STW.

What is a Single Trade Window?

It can help to think of a Single Trade Window in terms of user-centred design, an idea borrowed from software development. Rather than building systems around the needs of its owners, they should be built around the needs of users, to simplify and speed up their service.

Historically, the interests of governments and businesses at borders have been characterised as in opposition. Importers, exporters and trade facilitators want to move goods efficiently across borders at minimum cost, while multiple government agencies need to enforce regulations and legislations. This can require companies to provide data multiple times in different formats, slowing trade.

STWs dissolve this opposition by building a system that benefits all users – businesses and government. Traders enter data into a single system, saving them time and providing greater visibility of shipping status to inform planning and increase operational efficiency. That transparency further benefits government agencies by automating enforcement processes and holding all border-related data in a single, easily searchable IT system, rather than in siloes, to reduce risk and support revenue collection.

It is, in effect, “basically a single face of government,” says one expert. “Businesses enter data once and only once, rather than responding to the needs of each agency individually.”

In a New Statesman survey on the UK government’s proposal for an STW, more than half of British respondents identified digital document submission and a Single Sign-On as outcomes the state should prioritise.

Because so many arms of the state are involved at the border, any attempt to build an STW necessarily requires substantial amounts of cooperation within government.

The UK government has recognised this and has tasked the Cabinet Office Border and Protocol Delivery Group (BPDG) with coordinating a cross-government remit. Building the foundations for a future STW, the BPDG has started by centralising import and export guidance from multiple agency websites, supporting businesses to comply with changing trade regulations post-EU Exit. The 2025 Border Strategy also includes plans for a new design authority for the
Which of the following aims should be prioritised by the UK government as it rolls out a Single Trade Window?

- 66.7% Digitised document submission
- 54.6% Single Sign On for traders and all agencies
- 49.1% Online product licences, certificates and memberships
- 49.1% Electronic payments
- 14.8% Improved trade statistics, analytics and business intelligence
- 11.1% Online cargo control
- 9.3% Other
- 8.3% Automated selection of risky consignments

Based on a survey of 108 British respondents, who work in a range of sectors including: Media and Entertainment (18.5%), Consumer Services (9.3%), Software and Services (8.3%), Financial Services (5.6%), Retail (5.6%), and Food Beverage and Tobacco (3.7%) among others.

border that will “bring together all public sector bodies who design and deliver the border across the UK government... with expert insight from industry”. Maintaining this user focus is critical as we mature the model further to support transformation from within government.

“We should be clear,” says one trade expert. “A single window is not just a digitisation project – it’s a change management project. It requires a transformation in how government agencies work together.”

A global phenomenon

Single Trade Windows have already been implemented in much of the world and they have often had a direct, positive impact on a country’s ability to deliver financial savings for businesses, and thereby encourage trade.

A 2013 study by the European Parliament found that in South Korea, the introduction of an STW led to annual savings of $400m. Government ambitions to cut 40 per cent off time spent on customs forms were far exceeded, with multi-day processes cut to minutes. More recently, a quantitative analysis of 176 different countries published last year found that the existence of STWs in two countries increases bilateral trade by 37 per cent.

Such has been their success that the World Bank is encouraging the gradual spread of STWs from the developed to the developing world, and the World Customs Organization (WCO) has published guidelines about how to set up a single window.

“I think the global momentum has really kicked off, and more and more countries are implementing Single Trade Windows,” says one expert. “It’s a question of time for developed countries to implement them, and the pandemic has only accelerated things with the push for paperless processes.”

Box 1: Where does the UK rank compared to other trading nations?

When it comes to most comparisons with rich-world peers, Britain starts from a good place in terms of ease of trade. According to the World Trade Organization’s Trade Facilitation Agreement Database, the UK’s rate of implementing commitments made in agreements is 100 per cent.

Using the Organisation for Economic Co-operation and Development (OECD) Trade Facilitation indicators, the UK performs significantly better than the OECD average in the areas of involvement of the trade community, advance rulings, appeal procedures, fees and charges, simplification and harmonisation of documents, and governance and impartiality. The only area where it is below average is in border agency cooperation – both internal and external.

This shows both the strong foundations for British trade policy, but also how a Single Trade Window would directly impact a current area of weakness.

The general concept of a STW is clear; streamlined data entry and searchability for business and governments. However, there is work to be done in explaining the benefits that can be realised to industry. Often, traders think of STWs only in terms of faster information processing and are not fully aware of the potential informational gains and efficiencies that can be realised as a result – e.g. knowing where a shipment is at any point in time, or what is blocking clearance and who the handling department is.

“If it’s done well, then a Single Trade Window will mean that there’s a single system that an importer or an exporter accesses to provide all their information, and that will be fantastic,” says Liam Smyth, director of trade facilitation at the British Chambers of Commerce, for example.
Does your organisation have experience of working with Single Trade Windows?

Based on a survey of 108 British respondents, who work in a range of sectors including: Media and Entertainment (18.5%); Consumer Services (9.3%); Software and Services (8.3%); Financial Services (5.6%); Retail (5.6%); and Food Beverage and Tobacco (3.7%) among others.

Even a narrowly conceived Single Trade Window should allow businesses to provide all the information any government agency requires to allow a consignment to cross the border. This is already a huge undertaking with as many as 30 different UK government agencies sharing responsibility for the border, according to Henig from the Trade Policy Project. Authorities range from health and food safety inspectors to customs and immigration services.

Countries or regional groups with a significant head start on the UK in terms of implementing an STW, among them the European Union itself, are still tying all of the strands together. The European Commission’s ambition is to allow traders to identify themselves using a number assigned to all importers, called an Economic Operators Registration and Identification number, and then submit data to a full range of European Commission systems through an Single Sign-On mechanism. But this is not a reality yet.

The most ambitious STWs define their mandate even more broadly than uniting all government services. With the Networked Trade Platform (NTP), for example, Singapore’s STW allows companies to fulfil a range of state requirements such as customs declarations, while also accessing private services such as freight booking and cargo insurance.

In building the NTP, Singapore’s customs service also worked with the Monetary Authority of Singapore to share data from customs permits with private banks, helping financial institutions monitor fraud and mitigate the risks associated with trade-based money laundering. Meanwhile, traders can give consent through the NTP for their data to be shared directly with financial institutions, reducing the amount of information they subsequently need to provide to their banks about goods entering or leaving Singapore.

Singapore, a city state that, like the UK, is highly dependent on finance and seeks a leading role in global trade, is blurring the boundary between the state and private sector. When it comes to trade facilitation, the vision is for importers and exporters to interact with all of their intermediaries in one place through an STW, regardless of whether that intermediary is a public or private organisation.

The strategy appears to be working. Trade and investment in Singapore have been steadily rising, and relatively lightly hit by the pandemic, and much of the merchandise that enters the country is re-exported due to low barriers to trade.

Meanwhile, marginal gains in easing trade can count for a lot. A study by economists from Harvard and the Peterson Institute for
International Economics found that every day added to export time reduces trade by 1 per cent. As the UK government seeks to enhance the country’s position as a global trading hub, it is taking a similarly holistic approach to future border design. In extensive engagement with industry the government is seeking to understand not just how to make it easier for traders to provide information the state seeks, but what companies need to trade effectively, and how a modern border can provide useful tools.

How do we best serve users?

At its most revolutionary, proponents of Single Trade Windows hope it will upend the current structure of the trade logistics industry in the UK. As business leaders and consultants are at pains to emphasise, it is rare for companies to manage customs declarations themselves. Instead, an entire industry of trade facilitators has grown up to intermediate between state demands for information and the individual importers and exporters that need to provide it.

“Trading goods is complicated and so you need people who are experts,” says Smyth from the British Chambers of Commerce. “The fact is, most traders, nearly all traders, do not input customs data themselves. They employ consultants to do it for them and it’s these intermediaries that will need to understand the changes the government brings forward.”

The presence of consultants acting as intermediaries favours larger companies that can afford to pay them and still remain profitable. Large businesses are also more likely to have their own IT systems, which can directly integrate with the systems of these trade facilitators, allowing for an easy exchange of information.

“There are many reasons why a lot of trade is done by the bigger companies,” says Henig. “They’re just good at getting stuff across borders. It’s much harder and more expensive for small companies.”

By simplifying trade, STWs could foster a whole new generation of small trading businesses. Think of an individual Amazon seller, for example, submitting customs data to an STW via a smartphone app, while they are on the move, and being able to give a customer precise information about delivery. Consumer prices could fall as savings for businesses are passed on to those buying end products.

The government will need to decide how ambitious to be. “There is currently no single model for an STW,” says Jerzewska from Trade and Borders. “It has to be fit for purpose and also has to be unique to the physical setting of each country.”

The UK context

Sceptics expect the UK will find it tougher than most to deliver an effective Single Trade Window in a small space of time, due to the complexity of its border.

First of all, there is the sheer number of agencies, ministries and even sub-departments involved. “It is not really obvious who is in charge of the UK border,” Henig notes.

By contrast, according to Smyth from the British Chambers of Commerce, states that have most successfully implemented STWs – he names Singapore and Saudi Arabia, in particular – tend to operate highly centralised governments. This reduces the need to integrate technical systems. Such states are also more likely to own key infrastructure and directly deliver key services, whereas the UK border includes a patchwork of operators. Private companies own and operate physical infrastructure, such as ports and airports, and are contracted to deliver logistics operations at various stages of the import and export process.

*In the UK, it will be much more difficult to see*
The Department for International Trade (DIT) also launched digital tools to help navigate post-Brexit trade, clearly moving in the direction of single data entry. A new app called Activity Stream, for example, allows data-sharing across DIT sub-departments and services.16

Where free trade agreements have not rolled over, however, World Trade Organization rules apply, which can involve more paperwork and higher tariffs. A shipment of bananas arriving into Portsmouth from Ghana after Brexit, for example, was charged a tariff of £17,500.17

Businesses have also complained about post-Brexit processes, and HMRC estimates the additional cost to UK business of customs declarations will be £7bn.18

The government’s credibility also took a blow among analysts as it struggled to implement physical checks of goods at the border immediately after Brexit. The government has now delayed these customs checks on EU goods until at least January 2022, whereas British goods arriving in the EU are already subject to inspections.

That weighs on confidence in the UK’s ability to deliver a Single Trade Window by 2025, and has led to a degree of scepticism about the plans outlined in the government’s strategy for the border.

“At the moment these plans are being developed and scoped. The vision for the UK’s STW is starting to take shape,” says Anna Jerzewska, director of the consultancy Trade and Borders.

benefits from a Single Trade Window, unless you bring the private sector, software providers, community system providers and infrastructure owners on board from the start;” Smyth suggests.

There is, however, a precedent for the roll-out of STWs by states that, like the UK, have high levels of private sector involvement and institutional complexity at the border.

In Australia, for example, 30 separate government agencies have regulatory touchpoints relating to border management19, while some ports are foreign-owned.20 But in 2018 a parliamentary committee recommended pursuing an STW that will essentially make these individual agencies invisible to traders, in order to encourage trade.

In the world, according to several industry observers. This is despite substantial private sector involvement and a tangle of federal agencies – more than 40 had to be brought together when the US government sought to reshape the border around customer needs, according to one expert.

Within a year of the roll-out of its STW called the Automated Commercial Environment (ACE) in 2016, the US Customs and Border Protection (CBP) agency was seeing a 33 per cent reduction in waiting times for trucks at land border crossings. It also said 269 forms from 47 different agencies that had previously required manual submission had been automated by the system.21

Leidos was the lead integrator, providing strategic leadership, technical expertise and engineering management to support the US Food and Drug Administration (FDA) in its execution of the ACE/International Trade Data System project through:

■ Designing, developing and delivering an integrated solution for the participating government agencies, enabling FDA systems to successfully receive and process approximately 30,000 entries and 100,000 lines per day
■ Modernising the way outbound messages are sent through a database-centric approach, retiring the legacy systems and enabling FDA to successfully transmit approximately 200,000 messages to CBP per day.

If the US provides evidence of what can be achieved in the UK, it also indicates the scale of the challenge. The initiative to build ACE started during the presidency of Bill Clinton in the 1990s and took two decades to deliver.22

“While this may seem like a long time for development, prospective single window users should not be discouraged,” US officials told the United Nations Economic Commission for Europe when it shared its experience of developing an STW. Governance, control and funding issues all needed to be resolved, the officials explained, even though the underlying STW concept “was never in dispute”.

So, how should the UK government take on a similarly gargantuan challenge?
How best to build it?

Based on global experience and expert opinion, there are several key lessons the UK government can learn as it seeks to build its own Single Trade Window.

1. Follow global best practice

“A single window is not something that the UK has invented,” says Jerzewska from Trade and Borders. “It’s something that has been around for a long time.” That means there are established patterns the government can learn from, and specific implementations it should follow.

The most important among those, says one expert, will be to adopt the data model recommended by the World Trade Organization for STWs. That will ensure the interoperability of the UK’s system with others worldwide, allowing data to be shared between systems. Traders would then not have to resubmit all of the information about a shipment to the UK.

2. Consult deeply and make key decisions with industry

Effective STWs require in-depth consultation with the importers and exporters that will submit information to it. Such a consultation also needs to be wide and in order to identify different preferences between large and small companies. ‘Our advice is to not forget about the SMEs [small to medium-sized enterprises],” says one expert, noting they are unlikely to have their own IT teams.

In a UK context, consultation will also mean talking to the trade facilitators, which currently handle most customs submissions on behalf of business. It is here that the government will likely need to tackle the tricky question of which entities the system is designed for – trade facilitators or businesses themselves.

One option here could be user agnosticism: ensuring both trade facilitators and businesses themselves are able to access an STW, which would then be able to handle various business models.

“Ultimately, a lot of the information has to come directly from the company,” Jerzewska says. “So we’ll need to find a way where both the company and broker can have access to the gateway to submit data.”

When it comes to consultation, industry insiders acknowledge that the UK government has made a good start, with several experts interviewed for this piece actively engaged in discussions. But there is a need for more active communications and outreach to the business community: nearly seven in ten respondents to our survey were not aware of the government’s plan to introduce an STW.

3. Show political will to change

Whatever model the UK government chooses for a Single Trade Window, it will need to show reserves of political commitment to build not only cooperation but true collaboration and a shared vision between different agencies.

Returning to the US example, the institutional framework for an STW was established in 1996 with the creation of the US International Trade Data System (ITDS). It took a further ten years before federal agencies were required to collaborate with ITDS after the passage of the SAFE Port Act. Finally, President Obama signed an Executive Order in 2014, setting a deadline of the end of 2016 for the operational launch of a single window.

Without such investments of significant political capital, “it is not easy, or self-evident, for government agencies to work together”, says one expert.

In its 2014 Doing Business Report, the World Bank also highlighted the need for “political will and commitment” to deliver an STW, and recommended appointing a lead agency within government to “sustain momentum for reform over many years.”

Are you aware of the UK government’s plan to introduce a Single Trade Window?

- 32.4% Yes
- 67.6% No

Based on a survey of 108 British respondents, who work in a range of sectors including: Media and Entertainment (18.5%); Consumer Services (9.3%); Software and Services (8.3%); Financial services (5.6%); Retail (5.6%); and Food Beverage and Tobacco (5.7%) among others.
Conclusion

The UK government has taken a decisive first step towards establishing a border that is easier to trade across by bringing all import and export guidance together for businesses. They have also committed to developing a Single Trade Window and shown an awareness of business needs as they consult with industry over how exactly to do so. However, if the lessons of other states and views of expert commentators are anything to go by, delivering a solution may take beyond the horizon of the government’s Border 2025 Strategy.

What is required now is for the department with the leadership role, the BPDG under the Cabinet Office, to pull together a detailed plan of how it plans to proceed with STW implementation. As noted throughout this paper, an STW can be many different things, therefore it is vital that the UK team clearly defines its vision, with clear deliverables and a committed timetable to support.

With the importance of UK trade growth high on the government’s agenda, there is promise that the much-needed senior sponsorship of this initiative will be assigned. Through the appointment of a minister who can drive through the process and policy steps with rigour, a much greater base for success will be established. There are many supportive companies operating in industry and many within the IT sector, like Leidos, primed to compete for and support implementation and drive forward the transformative change programme that has been long discussed.

4. Be realistic

Perhaps the strongest message coming from interviews and case studies is the need for patience, and tempered short-term expectations. Successful STWs have taken decades to build in the past, and while some best practice has emerged and there are faster technology design and implementation approaches now, the political, institutional and complexity challenges are such that this remains a lengthy project to complete fully.

Similarly, Jerzewska believes the government’s border strategy is heading in the right direction in terms of collaboration between agencies, but says: “I don’t think all of it will be completed by 2025. This will be a process that will continue for several years.”

Like the US officials reflecting on the 20-year journey to a single window, however, she says this should not be discouraging: “Once it’s done well, it will be incredibly beneficial.”
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