

# WORLD TRADE MATTERS

The Professional Journal from the Institute of Export & International Trade

## Making the Case for International Trade

### Why Exporting Matters in 2019

**Andrew Staines** - Why the WTO matters and the UK's role within it

**Barry Gardiner MP** - Assessing the UK's future trade policy

**Alexandre Fasel** - Multilateralism versus protectionism

**Stephen Phipson** - The importance of trade to UK manufacturing

**Chris Southworth** - Why international trade matters for the UK

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Lesley Batchelor OBE, FIEEx (Grad)  
Director General

## Welcome

to the fourth edition of  
World Trade Matters.

2019 could well be a pivotal year in global trade and debates about Brexit will continue for years to come. As we put this journal to the printers we are reminded that it will be distributed during a period in which anything really could happen with Brexit, and the only certainty we can predict right now is continued uncertainty. ►

Each quarter we will bring you new and interesting articles and we would like to hear from you, our members, as experts in your own fields. Contact [editor@export.org.uk](mailto:editor@export.org.uk) with your ideas or thoughts.

It has never been more important to 'make the case for international trade' – as our theme for this edition asks us to do. Beyond Brexit, there are continued threats and opportunities for traders to deal with around the world, ranging from protectionist rhetoric and trade wars to greater connectivity and the continuing technological developments that will transform our world.

Once again, we draw on a wide range of thought leaders and business innovators in World Trade Matters, all of whom make convincing and vital arguments for the important role that global trade will have in both today and tomorrow's world. We are delighted to bring you articles from leading voices in the WTO, ICC, UNCTAD and EEF, as well as guest contributions from Barry Gardiner MP, the Shadow Secretary of State for International Trade, and the Ambassador of Switzerland to the United Kingdom Alexandre Fasel.

We also update you on what was an event-packed end to 2018, including reports from our London and Coventry World Trade Summits, our glamorous Queen's Awards Winners Gala Dinner, and the final of our 'Open to Export International Business Awards' project in Geneva, for which we were awarded the title 'WTO-ICC Small Business Champion'. Alongside regular features like our market guides, member profiles, international focus and student interviews, we also hear from several of our fantastic members about what they're doing to help businesses enter international trade.

Looking ahead, we're glad to share some of the key activities we are working on in 2019. Much of our focus will be on ensuring that businesses are prepared for whatever might happen with Brexit. Our motto has long been that it's 'never too early to start preparing' and businesses really cannot afford to stick their heads in the sand anymore.

One significant update we highlight is that we will be running a vastly expanded training programme to help businesses gain skills and information around customs procedures, culminating in a new 'Customs Practitioner Pathway'. We're delighted to be partnering with EEF in delivering this expanded programme and we also welcome the funding being provided by government towards many of the training courses we are delivering.

As well as these exciting new programmes we are delighted to announce our new initiative with International Terms and Conditions. After hearing about the many terrible experiences smaller businesses have encountered when exporting, we realised that an increasing number of them were acting with no contract and no payment terms agreed. We decided that action was needed to provide the basic premise for those trading internationally and we have produced a series of International Terms & Conditions as templates. Any Business Member can now trade with the confidence that they are covered in terms of disputes, bribery and anti-slavery. This is a vital new member benefit, and we are proud to say that John Mahon, Director General for Exports at DIT, is supporting us with it.

Whatever happens in 2019 and beyond, please do make use of our training courses, qualifications, helpline and membership packages to embrace the opportunities that global trade will always deliver. ■



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## Making the Case for International Trade

# Lord Empey Kt, OBE, Vice President, Institute of Export & International Trade

Most individuals and companies who trade both nationally and internationally are currently focusing on what will happen after 29 March, the date on which the United Kingdom, by law, is due to leave the European Union. Brexit has sucked all the oxygen out of politics and business discussions during the last two and a half years.



Those who trade nationally, but who may import goods/services from the EU, are in little better shape than those who trade internationally as well as locally. Be it supply chains, the increasing cost of imports due to currency fluctuations or the general uncertainty arising from our national inability to make and ratify a successful negotiation with the EU, the problems are the same. Nobody can tell business exactly what is going to happen. Consequently, decisions on future investment are in many cases on hold, as are sales and marketing campaigns abroad as the clarity that is so urgently needed alludes us. One thing I can assure you of is that there will be no certainty about any of these matters until decisions can be taken in Parliament on the Prime Minister's deal or some of the mooted alternatives to it, whether that be extending Article 50 to allow for more talks with the EU, failing to negotiate a deal, a Norway EEA option, another referendum, and so the list goes on.

At time of writing all the above and more could still happen and a general election still lurks in the background as a possibility! Remember, to prevent a no deal Brexit on 29 March we need either a deal ratified by Parliament or a change in the law to amend the EU Withdrawal Act or a new Act to provide for a second referendum. Both would be nightmares to get through Parliament and a second referendum, even assuming agreement could be reached on the choices to be offered on a ballot paper, could take until the Autumn to organise. Can we really afford another nine months of uncertainty?

But leaving all this aside, it might be useful to look at the bigger picture

for international trade in the future. I am in no doubt that the UK has been negligent in its approach to international trade. The last time the UK had a surplus in the goods we traded with the rest of the world was in 1983!

Since then we have been depending on services, international dividends and asset sales to balance our books, which in recent decades we have failed as a country to achieve, and we run a large trade deficit and fund our public services with borrowing as taxes are insufficient.

This can't go on indefinitely. We need a national policy shift and a significant change in attitude as a country to how we earn a living in the new world.

There is no doubt that international trade has taken millions of people out of poverty, but equally, for the developed nations like the United Kingdom, there have been casualties as former industrial areas of the country have seen traditional industries decline and close.

We have failed as a nation to give sufficient priority to earning a living by trading with other nations, and we have failed miserably to organise our education system so that it prepares our young people for the world of work.

Britain does not give the same 'parity of esteem' to those who decide to enter business and trade compared to those who enter the traditional professions, such as law, accountancy and academia, for example. This contrasts sharply with our principle international competitors. In Germany, the title 'Herr Engineer' is highly regarded and a greatly valued profession and our Asian competitors are producing hundreds of thousands of science

graduates each year in a rapidly improving university sector that is climbing up the international rating rapidly. Even a small country, such as Singapore, spends a lot of its resources on further education and skills development.

By contrast, the UK has not had a good record on skills. Our schools are still producing large numbers of pupils who leave with minimal levels of literacy and we continue to have low levels of productivity compared to our major competitors.

We need to up our game. We need to rethink our priorities as a nation and look outwards for our future wealth. We need taxes to fund our growing demand for social services and welfare demands. This can only come about if we succeed in selling more products and services to the rest of the world. Nobody owes Britain a living.

A paradigm shift in attitude is needed, especially in our education system, at all levels as well as in Whitehall. But this also applies to the community as a whole. All too often, I fear, a degree of snobbery is ingrained amongst some parents when they are helping their child choose careers. Business and trade are not always seen as having the same status as the professions or public service, yet it is largely from this sector that we must generate our wealth.

So, we've all got a job to do, and the IOE&IT must be front and centre in promoting the merits of trade and the benefits that it can bring. We must encourage more companies and policy makers to take advantage of the Institute's excellent qualifications. A more educated workforce will trade more profitably and will bring benefits to all. ■

## Making the Case for **International Trade**

The United Kingdom Mission in Geneva is working hard to establish the UK's position in the World Trade Organization by March 2019 so that we are prepared for a range of possible outcomes to our withdrawal negotiations with the European Union. Why does the WTO matter to the UK and the global economy?



**Andrew Staines**  
UK Deputy Permanent  
Representative to the World  
Trade Organization

To put it simply, if we did not have the WTO, we would need to build it. Developing, agreeing and implementing a near-universal system of common rules and predictable trading terms is one of the biggest multilateral achievements of the last century and a central pillar of the rules-based international order. As one of the founders of the modern world trading system, and one of its biggest beneficiaries, the UK will continue to be one of its strongest defenders.

However, it would be naïve not to acknowledge that, for all of its inherent qualities, the WTO has been plagued by a number of false starts and unrealised potential for much of its 24-year existence. A decade ago, the Doha Round was

on life support, following the acrimonious collapse of negotiations in 2008. WTO members steadily began to commit their negotiating resources to bilateral trade liberalisation, with over 500 FTAs agreed. The system was also desperately trying to contain protectionism in the wake of the financial crisis. Global growth was slow to bounce back after the financial crisis and policymakers started looking beyond monetary policy for sources of economic growth and job creation, including in the WTO.

The first significant breakthrough was achieved in 2013, at the ninth WTO Ministerial Conference in Bali, Indonesia, when WTO members concluded the Trade Facilitation Agreement. It was the first significant multilateral deal agreed by the WTO, designed to make trade across borders easier, reducing delays and costs, and improving transparency, predictability and consistency. The agreement was worth up to £1 billion to the UK economy through cutting the red tape in British export markets. The UK advocated strongly for the Trade Facilitation Agreement (TFA), including in our capacity as a vice-chair of the conference and particularly working with the least developed and developing members of the WTO, for whom the TFA would deliver the greatest impact.

Two further agreements quickly followed at the tenth WTO Ministerial Conference held in Nairobi, Kenya, in 2015. I chaired the WTO's Information Technology Agreement (ITA) Committee throughout 2015, when many of the participants to the ITA committed to the biggest tariff liberalisation exercise since the Uruguay Round, reducing bound tariffs to zero on £1 trillion of global trade, including satellite navigation devices, video game consoles and solid-state hard drives. I fought hard for British export interests, with the final deal guaranteeing that no tariffs are paid on over £6 billion of British technology sales overseas. The last major set of tariff cuts under this agreement took effect at the start of this year. WTO members also took the historic decision to fully eliminate agricultural export subsidies.

Despite these successes, we have seen new challenges emerge over the past decade since the global financial crisis, including growing concerns over global trade imbalances and fears from communities who feel left behind by trade, globalisation, technology and the changing labour market. The fourth industrial revolution has the potential to transform our lives for the better, but also comes with policy decisions and other challenges that we need to address. ►

The best way to address such issues and concerns is through global cooperation, based on international rules. Given its position at the apex of global trade governance, the WTO should be at the heart of this work – a point underscored by G20 Leaders, who acknowledged the need for the WTO to react to these concerns when they met in Buenos Aires last November, demanding the “necessary reform” of the multilateral trading system.

It is a widely shared assessment that the WTO and its body of rules have not kept pace with the changes in the world economy. Nowhere is this more obvious than the digital economy. The new WTO opened its doors in January 1995. Less than six months earlier, the New York Times had declared “The Internet is Open”, celebrating the first retail transaction on the internet. Less than 0.5% of the World’s population was online, compared with over 50% today. We sit on the cusp of a number of new transformative technologies with the potential to reshape many aspects of our lives. But the global trade rules for electronic commerce have not kept pace with these

advances, becoming bogged down in procedural debate, whilst online activity has grown unabated. WTO members have agreed not to impose customs duties on electronic transmissions, for example, but can only agree to roll this forward for two years at a time. We should now make this permanent. Some WTO members demand that source code must be transferred as a condition of trade or block the free flow of data. These issues need to be addressed.

The organisation has struggled to find consensus amongst 164 heterogeneous members with conflicting views. To use the metaphor of a previous WTO Director-General, WTO negotiations were akin to driving a car with ‘one accelerator and 164 hand-brakes’. Given these difficulties, the WTO membership is exploring whether more creative and flexible approaches can deliver progress, including through the joint-statement initiatives launched at the eleventh Ministerial Conference in Buenos Aires, Argentina, in 2017. These discussions include important work to examine how WTO negotiations on the trade-related aspects of digital commerce could contribute ►



to harness the full opportunities from the internet and how the WTO can support small and medium size traders. The initiatives are open to all WTO members who wish to see progress, be them large and small, developed or developing.

The WTO should support a level playing field for importers and domestic producers alike, but distorting subsidies and state intervention in some other WTO members threatens fair competition. The WTO monitors compliance with the existing rulebook but lack of transparency from many members stymies such efforts. Furthermore, the WTO's dispute resolution mechanism is close to paralysis because of the blocking of nominations of Appellate Body members. We need to look at concerns raised by members about this process and examine what we might do to address them, but without jettisoning the core strengths of the current setup, such as the binding and independent nature of the system. The EU has made some important proposals to the WTO membership in this area.

We are taking these challenges seriously, including expanding the UK's trade and diplomatic resources in

Geneva. The UK is a full and founding member of the WTO and we cannot be kicked out or denied membership as a result of Brexit. We are working hard to secure a smooth and orderly transition, taking the necessary steps to establish UK goods and services schedules in the WTO and to maintain continuity in the government procurement agreement. The UK's strategy has been to keep this process as simple as possible, given the unprecedented circumstances, by replicating as far as possible our existing rights and obligations in the WTO, as part of the EU. We have therefore simply copied the thousands of tariffs lines in our EU schedule into our new UK-only schedules and, late last year, opened formal negotiations on the agricultural tariff rate quotas. We have also circulated a draft UK services schedule, replicating our commitments as a member of the EU.

The UK stands ready to play a full role in responding to the challenges and opportunities in the WTO, in line with our commitment to free trade as a driver of future economic growth and jobs and to the international rules-based system. We look forward to working with British businesses and exporters as we do so. ■

### PROFILE - ANDREW STAINES

Andrew Staines is the United Kingdom's Deputy Permanent Representative to the World Trade Organization and United Nations in Geneva, reporting to Permanent Representative Julian Braithwaite. Ambassador Staines has spent the past decade working on global trade and WTO issues, in London, Geneva and Washington DC.

Ambassador Staines is currently Chair of: the Working Party for the accession of The Bahamas to the WTO; ISAR, the United Nations committee responsible for accounting standards and; the World Intellectual Property Organisation Program & Budget Committee. He has previously chaired the WTO's committees responsible for Anti-Dumping and the Committee overseeing the Information Technology Agreement.

Before joining the public sector, Ambassador Staines was a senior executive at Anglo American plc, leading a number of major multi-million asset

acquisitions and disposals. He also spent six years with Deloitte, managing corporate finance and advisory projects in the UK and Australia, and has served as a Economics Specialist Adviser to the Treasury Select Committee in the UK House of Commons.

Ambassador Staines is a Chartered Accountant by training, a Fellow of the Institute of Chartered Accountants in England & Wales, a past winner of the Hewitt Prize, and a charter holder of the Chartered Financial Analyst Institute. He holds a degree in economics from Gonville & Caius College Cambridge and completed the Harvard's Kennedy School executive programme for Senior Managers in Government.

Mr Staines is married to Tracy Staines and they have one son. They share their time between Geneva and Chamonix, France. ■

## Number of UK SMEs exporting on the rise

A recent report from the Office for National Statistics show that the number of SMEs exporting to overseas markets has increased by 6.6% to 232,000 (9.8% of all SMEs), a vindication of the work being done by the government and industry in raising the awareness of opportunities in international trade. The same report has shown that the number of large businesses exporting has also increased by 6.1% to 3,500 (41/7% of all large business).

The growing number of businesses exporting has led to an increase of 4.4% in the total exports from the UK, which reached £637bn in September. One of the key developments has been the increase in the number of new businesses looking at exporting at an earlier stage of their development. The number of companies who are less than 2 years old to have exported in the last year has increased by 19.9% to 47,000.

While this increase in the number of SMEs exporting is undoubtedly good news for the UK economy, there is still much more to be done to encourage many of the remaining 90.2% of SMEs not yet exporting. It is for this reason that the Institute has launched its new 'Buccaneer's Guide to Export Success' – a new membership package designed to give new exporters all the information and support they need to take their first steps in international trade.

The new package provides several of the Institute's existing membership benefits, including its helpline, discounts on training and access to a wealth of valuable information. It marries all this with guided support through the Export Action Plan tool on Open to Export and bespoke market research.

The Institute took on Open to Export in 2017 as part of its efforts to encourage SMEs into export and we are delighted to have already played a role in the positive trends that have since emerged. We are also proud supporters of the government's Exporting is GREAT campaign.

Upon the release of the figures, the Secretary of State for International Trade, Dr Liam Fox MP, said: "Today's news is further evidence that the high-quality goods and services produced by British businesses are selling all over the world. As an international economic department, when my Ministerial team and I travel abroad, we see first-hand the unprecedented demand for British products, and the results of the Annual Business Survey show that we are responding to the demand.

"Our Export Strategy sets out an offer to every business that has the ambition to start exporting or increase their existing operation, as we look to move exports as a percentage of GDP from 30% to 35%." ■

## New online tool to help tackle bribery and corruption

Transparency International UK has launched a new online tool, designed to provide businesses with practical and in-depth guidance on tackling bribery and corruption.

The new Global Anti-Bribery Guidance draws on the expertise of leading compliance and legal experts over the course of eight years. The free-to-use resource is available for businesses seeking international best practice and is now available at [www.antibriberyguidance.org](http://www.antibriberyguidance.org)

Powerful anti-bribery legislation has helped to create a demanding

international baseline in anti-bribery compliance. New legislation such as Argentina's new corporate liability statute (2017), Sapin II in France (2016) and Brazil's Clean Company Act (2014), are spreading the net wider than even the US FCPA and the UK Bribery Act. There is accordingly a greater need for multinational companies to adopt global standards which are consistent across all their operations in order to allow them to operate legally and ethically around the world.

The tool can be used to allow any company to benchmark their own

approach to tackling bribery against Transparency International's recommendations and can be used by businesses at all stages of the development or improvement of their anti-bribery programme.

As recent scandals have shown, even highly respected companies can be revealed to be relying on bribery and corruption to conduct their business. It's almost inevitable that strengthening either the culture, governance or anti-bribery programme within these companies would have prevented such incidents or at least provided an early warning. ■

## Ports in the frontline of projected climate change impacts

Regina Asariotis, the Chief of Policy and Legislation at UNCTAD, told the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) in Katowice, Poland, that ports and coastal infrastructure are at the front line of the projected threats of climate change.

Rising tides and increasingly volatile weather trends leave ports susceptible to damage, which has significant supply chain implications. The US National Climate Assessment in November 2018 warned that ports could see tides rise by one to four feet by 2100.

Asariotis made the point that climate change is already having an effect and that industry should not rely on regulation to force it to prepare and adapt its practices.

The summit came on the back of a recent report by the International Energy Agency showing that advanced economies have increased their carbon emissions in 2018, following five preceding years of

declining emissions. This coincides with continued concern that the ambitions of the Paris Agreement on climate change will not be realised due to the USA's withdrawal in 2017.

### IMO aims to halve greenhouse gas emissions by 2050

The shipping industry was not included in the Paris Agreement, though the International Maritime Organisation (IMO) is committed to halving the industry's greenhouse gas emissions by 2050.

IMO has not indicated many clear steps on how this will be achieved and currently has no restrictions around carbon emissions. It does, however, require all ocean carriers to cut their sulphur emissions by 2020.

A.P. Moller – Maersk recently pledged to attempt carbon neutrality by 2050 though it also stated that new vessel technology would need to be developed before this could be realistically achieved.

### Industry must act quickly

UNCTAD nonetheless urged industry to act quickly. Asariotis said:

"The hardest hit areas, coastlines, will affect us all since the lion's share of trade itself is managed through international shipping and ports.

"The impacts may be severe, and given what is at stake, we have no time to lose.

"Currently there is a disconnect between the evidence from the scientific community and the pace of policy change made by governments.

"Our research aims to help bridge this gap by providing evidence-based information to help policy-makers understand the most at risk areas and what kind of policy interventions are needed, now, to manage the risk, adapt and reduce the potential economic impacts." ■



## CPTPP is now in force, promoting free trade in the Pacific

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership – also known as CPTPP – came into force at the end of 2018 in what could be a key moment for the promotion of free trade around the world. CPTPP is widely recognised as one of the most progressive free trade agreements due to its provisions for trade in services, digital trade and e-commerce. The agreement will also eliminate 95% of tariffs on goods trade between 11 countries around the Pacific rim, including Australia, Canada, Japan, Malaysia and Vietnam.

CPTPP members currently account for £95bn worth of the UK's trade and 13% of global GDP. The UK has been mentioned as a future member of the agreement, as it looks to forge its new trade policy after Brexit.

Secretary of State for International Trade, Dr Liam Fox, welcomed the agreement, saying: "Joining CPTPP would cement our strong economic ties with old friends, like Canada and Japan, as well as establishing new links with some of the world's fastest growing economies.

"We know from our recent public consultation that UK businesses want to join CPTPP as it would help them to

expand into new markets and capitalise on the growing demand for quality British goods and services.

"This agreement will also help to promote free trade against a backdrop of heightened tensions in the global trade system. It is in all of our interests to ensure an open and rules-based trading system wins out and that a trade war in the Pacific does not hit British households in the pocket."

### Could the UK join CPTPP?

The Department for International Trade (DIT) is analysing responses to its 14-week consultation on the possibility of the UK joining CPTPP. Feedback so far is believed to be positive, though many businesses are unaware of what the opportunities on offer would be.

DIT has also engaged with the 11 CPTPP members and it is believed that there is some support for future UK membership. In October Shinzo Abe, the Prime Minister of Japan, said the UK would be welcomed 'with open arms' while the Australian PM, Scott Morrison, said 'the British would be pushing at an open door'. ■

## Grants available for SMEs to attend international trade shows

Businesses can apply for grants of up to £2,500 to attend international trade shows through the Department for International Trade's (DIT) Tradeshow Access Programme (TAP), which opened for applications on 21st December 2018.

TAP provides financial support for UK SMEs to participate in overseas exhibitions and conferences that cover a range of sectors, from education to aerospace and creative to maritime. Successful businesses can use the grants to fund direct exhibiting costs, including

stand costs and conference fees. 55 events comprise the list, ranging from the Aircraft Interiors Expo in Hamburg, to Cannes Lions Festival, to Summer Fancy Food in New York, and Mobile World Congress Shanghai.

Attending international conferences and events are an effective way for those new to exporting, or exploring new territories, to meet potential customers face-to-face and start the exporting process.

Minister for Investment Graham Stuart MP said: "Attending trade

shows helps businesses gain market knowledge, forge relationships and raise brand awareness among industry professionals. That is why I'm delighted to be announcing the next raft of TAP-supported events.

"TAP grants accompany a wide range of support businesses can access through the Department for International Trade. This includes dedicated teams of International Trade Advisers, sector specialists, and a network of staff across the world that are available to help businesses embark on, or develop, their exporting journey." ■

<https://www.gov.uk/guidance/tradeshow-access-programme>

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# Surge in UK AEO Applications – UK exporters preparing for life after Brexit

There has been a surge in AEO applications in the UK – a clear indication that the country’s exporting businesses are preparing for life after Brexit. A 26% rise in registrations up to January 2019 compared to February 2017 represents the highest percentage increase in registrations across Europe.

Country	Registrations Feb 2017	Registrations Jan 2019	Variance
UK	537	679	26% increase
Germany	6031	6330	5% increase
Netherlands	1514	1556	3% increase
France	1438	1664	16% increase

AEO status effectively demonstrates a company’s role within the international supply chain as secure, indicating that its customs controls and procedures are efficient and compliant.

The UK has long lagged behind counterpart European nations in terms of its number of AEO applications. Up to January 2019, 679 UK businesses have registered, compared to 6330 in Germany, 1556 in the Netherlands, and 1664 in France.

However, the 26% increase over the last two years signals a gear-change, according to Director General of the Institute of Export & International Trade, Lesley Batchelor.

“UK businesses are now realising that they will need to prove their competency in customs procedures when Brexit comes around – whatever form it may take. This surge in applications is encouraging, but there’s much more to be done before we catch up with our European counterparts, who will soon be our competitors.

“Attaining AEO status will be a useful exercise for exporters, whatever our future arrangement with the EU will be. The application process allows businesses to fully examine and ensure that its customs regime is up-to-scratch. Doing this will also put businesses in a strong position for other customs arrangements, including the Trusted Trader scheme.”

**Holly Tonge, Director of Special Projects at the Institute, also said:** “Many of the companies I’ve worked with in recent times have applied for AEO to safeguard their attractiveness in the supply chain post-Brexit. I would suggest that more companies should look at AEO as a way of ensuring they are operating as efficiently as possible, as post-Brexit the need for customs competency will be greater than ever.”

## AEO – a solution for supply chain competitiveness post-Brexit?

Registration is open to all businesses in the EU that are involved in the international trade of goods with non-EU countries, including logistics operators, carriers, freight forwarders, customs agents, importers, exporters and manufacturers.

## How to Apply for AEO

Businesses apply to HMRC for AEO and will be subject to a thorough assessment of many aspects of their operations, including company finances, site security, shipping procedures, compliance with customs requirements and fulfilment of the relevant legal and safety regulations.

The HMRC audit visit can be an arduous process, which is why the Institute of Export & International Trade have launched a new one-day training course and 3-tiered consultancy service to support businesses with the application process and to prepare for the visit.

The one-day training course helps companies to understand the requirements for attaining AEO and benefits this reaps. It guides them through the application process and highlights the pitfalls that companies typically experience, explaining how to avoid delays and mistakes.

The consultancy package offers 3 tiers of support: a ‘Readiness Review’, a ‘Preparation Project’ and support for the application and submission itself.

One of our experts will go into the business and help take them through every stage of acquiring and maintaining AEO status. ■

**To find out more call 01733 404 400**

## Making the Case for International Trade

# Barry Gardiner MP Shadow Secretary of State for International Trade

The global trading system and the political status quo are at breaking point. American protectionism, the rise of China, the inability of the WTO to appoint judges to the Appellate Court to resolve disputes, have all contributed to a rising tide of resentment against globalisation. In the UK this has manifested itself in our own unique contribution to the global malaise: Brexit.

The catechism has long been that opening up markets and increasing the volumes of global trade is the key to unlocking economic growth. It will enable greater connectivity and alleviate poverty through knowledge sharing and innovation.

But, in fact, little political thought has been given to how the benefits of globalisation have been distributed as greater competition has resulted in the relocation of jobs and the closure of businesses. Nor has adequate consideration been given to the wider impacts on the environment. Resource scarcity is driving regional conflicts and relentless extraction of minerals, whilst increasing trade flows by air and sea contribute to global carbon emissions.

As the United Kingdom assumes competence for trade policy for the first time in over forty years, we have the unique opportunity to restore faith in the global trading system by addressing these challenges and ensuring that the benefits of trade are more equally shared whilst mitigating the damage inflicted on our environment.

Our most immediate issue is the negotiation of a new relationship with our largest and closest trading partner, the European Union. Indeed, the EU accounted for 44% of all goods exports last year. British businesses are embedded in complex global value chains and goods

move many times across borders during assembly before ending up on store shelves. Our withdrawal from the EU is complicated by the need to continue to participate in those supply chains without falling foul of the EU's rules-of-origin regime and the cumulation rules relevant to those third country trade agreements the EU has in place. A no deal would also see the imposition of tariffs on our exports and on imports, pushing up costs significantly.

This is why Labour have called for a new Customs Union with the EU – one that allows us to continue to trade within the customs area without the imposition of tariffs and would ease the complications presented by the UK's withdrawal from the various free trade agreements that we currently have with third countries through the EU. But this new Customs Union must be one where the UK has a say in any future free trade agreement (FTA) and cannot be forced to accept a new FTA that is inimical to our interests.

In January I attended the Oxford Farming Conference. That industry is desperately concerned that some in government see Brexit as an opportunity to tear up "red tape" and lower regulations which they see as barriers to trade. But the "red tape" government wants rid of is the food standards, animal welfare regulations, workers' rights and environmental protections that

currently do not allow foreign imports produced at lower standards to undercut our domestic producers.

We should be pleased that our farmers do not want to lower their standards. But it would not just be environmentally wrong - it would fundamentally undermine one of our existing key strengths. People around the world in China or India, do not buy British products because they are the cheapest – they buy British products because they trust them and know they are of high quality. Lowering our standards will not boost business; and allowing a flood of imports produced to lesser standards will only undercut our own producers.

This has been particularly keenly felt in our steel and ceramics sectors, constantly competing with goods dumped below cost-price on British markets with our government not only turning a blind eye but actively seeking to erode our trade defence measures (through the adoption of the lesser duty rule) at a time when every other developed country is seeking to strengthen theirs.

Government wants to secure quick early trade agreements with the United States, Australia and New Zealand, as well as new "roll over" agreements with those third countries we currently have agreements with through the EU. Many of these countries have already voiced objections to the UK and EU's ►

## Making the Case for International Trade

efforts to lodge revised schedules at the WTO and it is likely that concessions in the form of increased preferential access to our markets will be sought in order to smooth the path for the UK.

Transitioning to a low-tax, low-regulatory, low-wage economy is not what's best for the United Kingdom. It will compound the difficulties that austerity has already imposed on the poorest workers in our society. It is a race to the bottom at a time when what is required is a vision to take the UK to the top.

We need to broaden our export base and ensure that trade growth benefits all of the constituent nations and regions of the United Kingdom whilst continuing to attract investment into those regions.

That is why Labour have called for a network of regional trade commissioners representing all parts of our country at trade shows overseas and feeding into trade negotiations to ensure a whole-of-country approach. As part of our approach, a Labour government would develop UK Export Finance's offer to attract a broader mix of industry sectors and projects. We have a stubborn balance of trade deficit – despite rising exports our imports are rising faster. Labour would support and grow our export base. We are leaders in biotech, arts and low carbon technologies. Such sectors need our support. At present 99.4% of UKEF support for the energy sector underwrites fossil fuel and extractive projects in developing countries. That is British taxpayer money being used in direct conflict to our own commitments to reduce carbon emissions and end subsidies for fossil fuels.

Labour is committed to negotiating an international Environmental Goods Agreement. Last year our offshore wind exports were worth

500 million pounds. By 2030, this could increase fivefold. The UK's low carbon and renewable energy exports alone were worth almost 4 billion pounds in 2016. That's the equivalent of half the UK's market share of defence exports.

The trade regimes of the past were beholden to the idea that corporate interests should trump those of public policy and public interest.

Through provisions such as Investor-State Dispute Settlements, trade policy has had the capacity to erode our sovereignty and inhibit efforts to improve our environment. Labour categorically rejects such ISDS courts.

Some of the more egregious aspects of trade policy have been allowed to go unchecked as negotiations are conducted entirely behind closed doors and disputes arbitrated in secret courts. Few of the affected stakeholders are given input into those negotiations. Labour is absolutely committed to engagement with business groups, trade unions and civil society as a further element in the proper democratic scrutiny of international treaties. We want to see ongoing consultation at all stages of the development of a trade agreement and we want to ensure proper transparency and parliamentary scrutiny of all future trade and investment deals.

Labour's approach is an internationalist one: not of empire but of solidarity. Recently, I launched a new international initiative – Just Trading – at the WTO Public Forum in Geneva, alongside the Indian and Spanish trade Ministers and the Director of the International Labour Organisation.

There we set out a future trade agenda that does not seek to rapaciously exploit the weaker partner country. We do not see

trade as a competition to beat the other side down. We know that is not just morally wrong. It makes no economic sense. We don't want cheap raw materials and goods from companies that have paid starvation wages to workers. And we don't want our agricultural by-products being dumped on other markets, forcing their own farmers out of business.

On the contrary, we want to see trade agreements being used to unlock economic growth and prosperity, raising the wage levels of workers at home and in our partner countries so that they can afford to buy more of our excellent goods and services – to create a virtuous cycle of prosperity, innovation and development that will set the foundation on which we can build a truly sustainable future. ■



## Making the Case for International Trade

# Multilateralism versus protectionism in global trade – the experience of Switzerland as an open economy

Switzerland's economic growth and wealth are based on international trade. Trade in goods and services represents more than 90% of our country's GDP (the world average is around 55%). Exposed to international competition, Swiss companies are forced to be competitive and innovative, which in turn has a positive impact on wages. The economy builds on broad international market access, a strong, transparent and inclusive rules-based multilateral trading system and an economic framework that allows companies to adapt to a changing environment. However, these key ingredients of success are challenged by increased protectionism and growing doubt as to the benefits of liberalised global trade.



**Alexandre Fasel**  
Ambassador of Switzerland  
to the United Kingdom

### Switzerland's foreign economic strategy

Switzerland's foreign economic strategy rests on three pillars: (i) bilateral agreements with the European Union (EU); (ii) the multi-lateral trading system - in particular the World Trade Organization (WTO); and (iii) free trade agree-

ments (FTA) with third countries. Access to the European Single Market is of utmost importance for the Swiss economy. Trade in goods between Switzerland and the EU amounts to over one billion euro per working day. Switzerland is the EU's third biggest trading partner, only surpassed by the US and China. Switzerland furthermore shares the fundamental values of the EU and contributes to stability and development in Europe and in the European neighbourhood. The very close Swiss-EU trading relationship is based on a network of around 120 bilateral agreements.

The second pillar of Switzerland's foreign economic policy is the multilateral trading system. WTO rules are the basis of all Swiss trade relations and those of 163 other countries worldwide. They create a framework for predictable and secure market access and reduce

discrimination between domestic and foreign producers. Without the WTO's dispute settlement mechanism, the 'law of the strongest' would prevail and countries could quickly resort to protectionist measures in times of crisis.

The evolution of this set of rules, however, has become increasingly complex. Furthermore, the new US trade policy is putting the WTO system under strain. It is not without irony that the very country that has been most instrumental in creating this system is now the one that challenges its core features and principles. Switzerland for its part refuses to apply countermeasures, as this would only damage its economy and consumers due to higher import prices. Furthermore, we believe that such measures can easily contribute to an escalation into a damaging trade war. ►

## Making the Case for International Trade



Bilateral, regional or supra-regional FTAs - the third pillar of our foreign economic policy - are increasingly seen as a way to complement the multilateral trade liberalisation efforts, which are currently facing difficulties. For Switzerland, FTAs provide its business operators with improved market access at conditions equivalent to those enjoyed by their most important competitors in the EU, US and Japan. Swiss consumers and producers also benefit thanks to higher economic growth and a greater variety of higher-quality goods and services at lower prices.

Over the past 25 years, Switzerland developed a broad network of FTAs, currently comprising 30 FTAs in force with 40 partners outside the EU or the European Free Trade Association (EFTA). In terms of value, these FTAs accounted for 23% of Switzerland's total exports in 2017. Including trade with the EU and EFTA, nearly 80% of Swiss exports and 90% of imports take place under FTAs.

### Joint efforts in confronting trade scepticism and protectionism

World trade growth has created hundreds of millions of jobs worldwide. Nevertheless, fears about the effects of globalisation and free trade have become widespread in recent years. The main driver of this development is technological progress and its effects on the labour market: whilst creating opportunities for the highly skilled, lower skilled workers can find themselves under pressure. When the negative impacts are concentrated in certain regions and sectors, it creates a breeding ground for populism, nationalism and protectionist tendencies.

To mitigate such risks, Switzerland focuses on a labour-market oriented education system, giving everyone the chance to benefit from the fruits of open trade, whilst providing an efficient social safety net. The Swiss government furthermore engages with civil society to inform on the benefits of trade and on the efforts it undertakes to

alleviate the negative effects of trade liberalisation. Businesses also have an important role in communicating the importance of international trade to their employees.

### Conclusion

Switzerland is a successful global economic player thanks to its openness to the world. But open trade also needs to be complemented by domestic policy measures which help to smooth the adaptation costs of structural change. In the international arena, it is important to continue to stand up for the liberal trade order, to defend and preserve the WTO system as a bulwark against protectionism.

The benefits of open trade and what we owe to it need to be actively communicated to the wider public. If we can achieve all this, Switzerland - as well as other open economies - will continue to compete successfully and offer all its residents a high level of prosperity. ■

# #MakeTradeWork: The case for facilitating trade and its transport



**Jan Hoffman**  
Chief, Trade Logistics  
Branch Division on  
Technology and Logistics,  
UNCTAD

Confronted with growing populism and a surge in protectionist measures recorded by the WTO, policy makers and enterprises are struggling to avoid a backlash in international trade. At UNCTAD's Trade Logistics Branch, we support these endeavours by helping to make trade work better. Through trade facilitation reforms, the promotion of digitalisation, and by ensuring the long-term sustainability of international transport, we aim to ensure that the international movement of goods is not confronted with unnecessary obstacles and costs.

## A multilateral agreement to facilitate international trade

Under the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO), developing countries commit to implement a number of very practical measures that make trade easier and more transparent. Countries are obliged to publish duties and procedures on the web, traders can transmit their declarations prior to the arrival of the goods, payments can be made electronically, and fees and charges must not become hidden taxes to

generate income for the government. These are just some of the 37 concrete measures grouped into the 12 Articles of the TFA. They are all useful and help to make trade more efficient.

However, many of these measures involve an initial investment or reforms that require human and financial resources to start with, which developing countries may not have. The good news is that the TFA also includes a novel mechanism – the so called “Special and Differential Treatment” – that helps developing countries plan and acquire the necessary capacity prior to being fully committed to comply with all 12 Articles. Concretely, the mechanism puts the developing countries in the position – and obligation – to analyse and notify their own implementation capacity. At UNCTAD, we are working closely with the developing countries to enable them to do so. Our main counterparts in this endeavour are the National Trade Facilitation Committees (NTFCs) that each country must set up under the TFA. UNCTAD's Empowerment Programme for NTFCs includes training and knowledge development for the members of the NTFC, combined with advisory services and the development of a Roadmap of TFA implementation.

By the same token, UNCTAD also supports developing countries in setting up Trade Information Portals. Under the TFA, members of the WTO are obliged to make relevant information on tariffs and trade procedures available on-line. UNCTAD's Trade Information Portals not only help countries become compliant with this obligation, but in the process of analysing

and publishing applicable trade procedures, a Trade Information Portal effectively helps countries identify the potential for the further simplification of procedures. Thanks to these new insights, NTFCs can then develop programmes and reforms that subsequently ensure the further simplification of procedures.

## Technological progress will never be as slow as today

My favourite provision of the TFA is Article 10.1., as it provides for a dynamic dimension of the Agreement. According to this article, countries need to: minimise “the incidence and complexity of import, export, and transit formalities”; continuously “review” requirements; keep “reducing the time and cost of compliance for traders and operators”; and always choose “the least trade restrictive measure”. As such, even if a country is compliant with all TFA provisions today, countries will need to continue monitoring if existing procedures are still appropriate in view of technological or regulatory developments.

As trade becomes increasingly digitalised, and new technologies which do not yet exist will be developed, it will be important that governments continuously revise and review the applicable rules and regulations.

Digitalisation comes in stages. First, we optimize existing procedures, making use of cargo tracking, the Internet of Things, blockchain et al. Second, new businesses are developed which could not exist without the new technologies; new platforms come into being and we see more “uberisation”. ►



Finally, there is transformation and science fiction; still in our lifetime Artificial Intelligence will overtake human capabilities to manage international trade and its logistics.

But let us take one step at a time. At UNCTAD, we support developing countries through eTrade readiness assessments, the development and upgrade of technological solutions in Customs automation and Single Windows, and by providing a Forum for our members to analyse and discuss the challenges that come with digitalisation. We encourage the development of global standards that allow for interoperability among new systems. The challenge for policy makers is to encourage private sector investments in new technologies and solutions, while ensuring that no new monopolies emerge that might exclude smaller players.

### And it has to be sustainable

While we aim at ensuring continued growth in international trade, there is a catch. The transport of this trade encompasses increasing externalities, such as pollution, green-house-gas emissions, and congestion.

Ports need to minimise social and environmental externalities. Many port cities are among the most polluted places to live, as ships burn heavy oil, and delivering trucks produce noise and cause traffic congestions. In addition, ports need to be resilient in the face of disruptions and damages caused by natural disasters and climate change impacts.

International transport, including shipping, needs to play a larger role in addressing global warming and contribute to mitigating the carbon emissions that are causing climate change. Shipping emits less carbon dioxide (CO<sub>2</sub>) per ton-mile than other modes of transport, but then due to its sheer volume it also produces many ton-miles. Would it be possible that the industry could be charged by its main regulatory body not per ship tonnage (as is currently the case), but per tonne of CO<sub>2</sub> emission? Currently, the International Maritime Organization is funded proportional to the tonnage registered under the members' flags. Like this, Panama, Marshall Islands and Liberia pay for the largest share of the IMO budget – and in the end, this is passed on

to the ship-owner, who in turn passes this on to the shipper, who will charge the consumer. This is a good established mechanism that could be expanded to also internalise the external costs of CO<sub>2</sub> emissions.

Being the most globalised of all businesses, maritime transport should consider adopting a global regime that helps further internalise its environmental externalities – to ensure prosperity for all, including future generations.

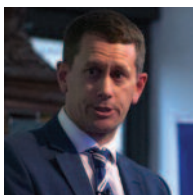
### It is all about efficiency

Investing in trade facilitation reforms, making intelligent use of the latest technologies, and ensuring that externalities are internalised are all several sides of the same coin. Trade efficiency is necessary to promote an open international trading system. It requires a continuous effort by policy makers to continuously review current procedures, apply the most appropriate technological solutions, and support an efficient allocation of scarce resources. ■

## Making the Case for International Trade

# More than ever, international trade matters to the UK

The UK should take the lead in global trade policy, writes Chris Southworth, Secretary General, ICC United Kingdom.



**Chris Southworth**  
Secretary General, ICC  
United Kingdom

Despite the pick-up in global economic growth, the world is facing serious challenges in terms of trade and investment, particularly the UK. And first and foremost among these concerns remains the escalating trade tensions that are resulting in governments acting on an increas-

ingly unilateral basis. Claiming to serve their own national interests, it's an approach that undermines the rules-based international trading system we have spent years fighting for and has underpinned the unprecedented levels of growth in recent decades.

The central trade dispute remains that between the US and China, which is putting pressure on both their own trading relationships and those elsewhere. Sanctions generated by these trade tensions are starting to translate into reality, with financial institutions already taking measures such as tightening lending. Hyundai (South Korea) announced a plummet in third-quarter earnings due to weak sales in China and the US, its two largest overseas markets. And Apple's China-related woes can also be viewed – at least in part – in this

context. The iPhone maker announced anticipated revenue of approximately \$84 billion for the three months to 29 December, following an earlier forecast of at least \$89 billion – a prediction that had already disappointed investors.

The international trade community needs a champion – someone to stand up as a representative for free trade in the digital age. The UK displays all the right attributes for the role, despite being currently-handicapped by uncertainty surrounding its own future trading system, having lost over \$150 billion in investment since the referendum. After a centuries-long history as a global trading nation, the UK will, in March, withdraw from its most important trading relationship with the European Union, which accounted for 55.5% and 45.5% of UK imports and exports respectively in 2017. ▶



## Making the Case for International Trade

The UK can make this an opportunity if it focuses on the bigger picture, beyond just Brexit, and rekindle its roots as the founder of a rules-based trading system – one adapted for the 21st century and the evolving digital world. The west needs to set out a vision for digital trade like China has set out a vision for its Belt and Road initiative, and the UK can be the champion.

Despite the challenges, opportunities across the emerging markets remain present for businesses globally, but particularly for the UK right now – not least in providing a stepping stone to building stronger and more diverse relationships with countries outside of the EU, something UK businesses can do with or without Brexit.

Certainly, technological innovation and collaboration will be fundamental in resolving the challenges faced by emerging markets with respect to trade finance. Recent breakthroughs in trade finance

innovation, such as blockchain and artificial intelligence, hold the potential to enhance trade by improving security, transparency and efficiency, while also facilitating more seamless, frictionless trade – all of which will encourage lenders to support trade and help to close the gap between demand and supply for trade finance. For this reason, it is vital that the international trade community works together to promote digital change, with the UK – in this case via the unique role of the City of London – at the forefront.

To positively shape the international trading system, the UK needs to play an active role, putting solutions forward on reform, challenging protectionism and promoting the benefits of good governance, competitive markets, open borders and multilateral rules. In order to impact both strategic and technical decisions, it's important for the UK to become a leader in organisations such as the G20 and World Trade

Organization (WTO). G20 countries account for 85% of world trade, and its main policy objectives are to champion inclusive free trade and the rule of law, as well as champion sustainable economic growth and the delivery of paperless trade and the acceleration of the implementation of the WTO's Trade Facilitation Agreement – all policies that UK businesses can support.

With respect to the Trade Facilitation Agreement, the WTO's objective is to deliver streamlined, simplified and standardised customs procedures to cut global trading costs. Full implementation of the Agreement is expected to reduce trade costs by an average of 14.3% and, by 2030, could add 2.7% points per year to world trade growth and more than 0.5% to world GDP growth. This initiative alone can transform global trade and send a message about the power of trade in supporting jobs and growth globally: something we can surely all get behind? ■

## Making the Case for International Trade

# Becoming a truly independent trading nation



**Stephen Phipson**  
CEO, EEF

The case for international trade – particularly free and open trade – has long been made.

It creates and supports local jobs, broadens consumer choice and encourages innovation. By exposing local products to the global marketplace it elevates our business opportunities from solely domestic to international, driving economic growth.

The UK's manufacturing sector is a world leader – ranked 9th internationally by output; employing 2.8 million people and contributing 10% of UK output. That strength has and continues to be firmly underpinned by trading relationships. Exporting is widespread in manufacturing whether directly or indirectly via sophisticated global supply chains.

**So why is there a renewed need for us to re-connect to the benefits of trade?**

Not only is a wave of global protectionism sweeping the world – as demonstrated by the recent imposition of tariffs by the US – but closer to home the pathway to

Brexit has thrown a stark spotlight on the UK's ability to pursue our aspiration of being a truly independent trading nation. Regardless of the Brexit outcome, to trade successfully with the rest of the world, UK manufacturers need to build a stronger foundation in order to master the international trading environment.

Brexit is a case in point. The impending prospect of having to operate outside the EU Single Market and Customs Union has been a wake-up call to the sector. Our manufacturers are having to quickly get to grips with how well they understand their supply chains, product journeys and the international trading rules beyond the con-

ditions of the EU. To thrive we must rapidly understand and adapt to the mechanics of international trade.

For many manufacturers who have only ever traded within the EU, the building blocks of international trade – such as tariffs, import and export customs procedures and rules of origin – are relatively new concepts. The rules of trading inside other international trading agreements and the broader multilateral World Trade Organization framework are equally foreign.

Brexit has forced the UK to get its house in order with respect to trade – this short term pain could be what drives our future success. ►

eef

## The manufacturers' organisation

In developing a full understanding of their supply chains, many companies have had unexpected supply chain efficiencies emerge.

At EEF, we have been supporting our members to get prepared – and to get prepared early. Whether for Brexit or beyond, understanding the following trade issues is crucial for UK manufacturers:

1. Tariff exposure and cost
2. Customs administration for imports/ exports
3. The complex rules for products to be classified as having UK (or EU) origin
4. Logistics and transport delays for time-sensitive products
5. The benefits of being an Authorised Economic Operator, to fast-track the movement of goods
6. Training needs within the company on customs and trading fundamentals
7. Accessibility of Free Trade (and other) international Agreements now and in the future

Trading beyond the EU will most certainly require a thorough understanding of these issues and a commitment to take quick action to address areas found to be wanting. It is also worth noting that improving trade with the rest of the world can

be achieved both outside and within the EU, as Germany has consistently demonstrated.

EEF has been working closely with the manufacturing sector and with Government to do exactly that. We have mobilised our nine regional centres to run Brexit-specific trade roadshows, establish industry-Government engagement opportunities and engaged in an awareness-raising and educational campaign on these issues. Our website is packed with relevant resources, including full analysis of each of the Government's technical notices in the event of a no deal.

We have also created a bespoke **Brexit toolkit** to help businesses prepare for life after Brexit. The toolkit is a self-audit tool to help businesses make an easy assessment of their trade exposure on a number of fronts – including tariff, customs and migration issues. It is a practical tool which gives each company a bespoke report on their priority actions. Alongside this practical, web-based tool we are working closely with the Institute of Export & International Trade delivering a range of trade and customs training workshops direct to importers and exporters within UK manufacturing.

On the campaign side EEF has been involved at the highest levels of Government on a weekly basis putting forward a case to protect the interests of the UK manufacturing sector. At the heart of our campaign has been a push to call for a solid industry-government working mechanism to support future UK trade policy. For Government to create a trading framework that allows UK industry to thrive, it needs to ensure industry interests are fully understood and accurately represented on the global stage.

Trade exists because of industry; it's driven by industry and benefits the entire economy. For the UK – and the manufacturing sector especially – international trade continues to be the engine of growth. We are now working hard to equip manufacturers with a strong understanding of importing and exporting efficiently.

With a strong grounding in the mechanics of trade – regardless of the trading framework the UK finds itself in – we can thrive in any international trading environment. And love it or hate it, Brexit has given us the opportunity to take a good, hard look at our trading foundation and propel us firmly into a new world of international trading. ■

## Preparing for Brexit

# Good news! Government grants available

PREPARING FOR NO-DEAL BREXIT – GOVERNMENT FUNDS TRAINING COURSES IN CUSTOMS PROCEDURES



Businesses planning for Brexit can apply for government funding towards training in customs procedures provided by the Institute of Export & International Trade (IOE&IT) in partnership with EEF.

In preparation for Brexit, the government has made available £2 million worth of new grant funding towards training that helps UK businesses to complete customs declarations correctly.

This is a vital step in the preparations for a potential 'no-deal Brexit'. The Institute for Government have reported that there are 180,000 UK businesses trading goods between the UK and the EU<sup>1</sup>, who will be impacted as they would be required to complete full customs declarations – something they have never had to do before.

To support these businesses the IOE&IT is providing a wide range of training courses that will help them with the procedures involved in international trade, enabling them to export and import successfully and compliantly, whatever March 29th brings.

The funding from government is available until 5 April 2019, unless the funding is used in its entirety before that date.

### Whatever happens with Brexit, the UK needs more Customs Practitioners

Even in a scenario whereby relatively frictionless trade between the UK and the EU ensues in the long-term, businesses looking to send goods to markets outside the EU, including the USA and China, need to be able to complete customs declarations in order to do so.

In an increasingly 'Global Britain' the IOE&IT recognises the need for a Customs Professional Pathway and has launched a series of new training courses to support a 'Customs Practitioner Award', which can be funded by the grant system.

This produces a seamless progression to the world-renowned Diploma in World Customs Compliance and Regulation – a ground-breaking Level 5 qualification giving individuals and businesses a comprehensive understanding of the laws and processes that facilitate global trade.

Stephen Phipson CBE, CEO of EEF, the manufacturers' organisation said: "The importance to our economy of free and open international trade cannot be stressed enough. It creates local jobs, encourages innovation and injects more choice into the consumer market.

"At this critical time for business when we still have no clarity of what lies ahead in the post-Brexit environment, it is vital that businesses ensure they are in a position to make the most of whatever export opportunities are available to them. Having the knowledge to better tap into international markets is the first and most important step on that growth journey. The courses we are running with IOE&IT lay out what steps businesses can be taking now to make sure they are best able to maximise new opportunities."

Terry Scuoler CBE, Chairman of the Institute of Export & International Trade, said: "I am delighted to hear of the launch of the Institute of Export's new range of Customs training courses and of their eligibility for Government funding. ►

With Brexit and cross border trade uncertainty increasing I encourage companies of all sizes to take advantage of them."

### Training courses we provide

IOE&IT has for over 80 years been the professional membership body representing and supporting the interests of everyone involved in importing, exporting and international trade in the UK.

Through qualifications and training the IOE&IT has driven the export skills agenda in the UK and is the country's leading authority for best practice and competence in trade.

Training courses that funding can be applied for include:

- Customs Procedures and Documentation\*
- Customs Classification and Tariff Codes\*
- Understanding Rules of Origin, Free Trade Agreement and Export Preference\*
- Introduction to Exporting
- Introduction to Importing
- Advanced Exporting
- Advanced Importing
- Post Brexit Planning Workshop
- Post Brexit Documentation and Compliance\*

\*these courses count toward the Customs Practitioner Award from the Institute of Export & International Trade

<sup>1</sup> [https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG\\_Brexit\\_customs\\_WEB.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG_Brexit_customs_WEB.pdf)

### More information about the funding

The funding is only available for companies who:

- complete customs declarations for themselves or someone else (or intend to in the future)
- are established or have a branch in the UK

This includes customs brokers, freight forwarders and fast parcel operators.

For businesses with fewer than 50 employees and an annual turnover under €10 million, the grant covers up to 70% of the training costs for a business' employees, up to a limit of £1,050 per employee on a course.

For businesses with fewer than 250 employees and an annual turnover below €50 million this figure is 60%; for other businesses the funding is up to 50%.

The funding cannot be used towards the existing costs of training already being undertaken, or for unrelated training courses. The training does not need to lead to a formal qualification.

A grant towards implementing IT improvements that aid a business' customs processes is also available.

To apply for this IT grant companies must have 250 or fewer employees, an annual turnover of £50 million or less, and be currently completing customs declarations for importers and exporters.

Applications will close on 5 April 2019, or earlier once all the funding is allocated. ■

### Upcoming Customs Procedures and Documentation Courses

18/02/2019	Belfast
19/02/2019	Manchester
19/02/2019	Newcastle
20/02/2019	Warrington
21/02/2019	Bridgend
25/02/2019	Gateshead
25/02/2019	Aston
25/02/2019	Edinburgh
26/02/2019	Birmingham
26/02/2019	Warrington
26/02/2019	Glasgow
26/02/2019	Leamington Spa
27/02/2019	London
28/02/2019	Bristol
28/02/2019	Reading
<b>March</b>	
04/03/2019	Edinburgh
05/03/2019	Aston
05/03/2019	Bristol
07/03/2019	Manchester
07/03/2019	Glasgow
07/03/2019	London
08/03/2019	Warrington
11/03/2019	Gateshead
11/03/2019	Belfast
12/03/2019	Bristol
12/03/2019	Birmingham
12/03/2019	Warrington
13/03/2019	Aston
13/03/2019	Leamington Spa
14/03/2019	Gateshead
14/03/2019	Reading
15/03/2019	Bridgend
18/03/2019	Belfast
19/03/2019	London
19/03/2019	Bristol
19/03/2019	Warrington
19/03/2019	Glasgow
19/03/2019	Aston
20/03/2019	Gateshead
20/03/2019	Edinburgh
22/03/2019	Warrington
25/03/2019	Warrington
26/03/2019	Leamington Spa
26/03/2019	Belfast
26/03/2019	London
27/03/2019	Aston
27/03/2019	Warrington
28/03/2019	Reading
29/03/2019	Gateshead

Sign up to any of the above dates at:  
<https://www.export.org.uk/page/CustomsDocumentation>



## Argentina overview

Stretching 3,694 km (2,295 mi) from north to south – a distance equivalent to that between London and Baghdad – and 1,423 km (884 mi) from east to west in the southern part of the continent of South America, Argentina is the eighth largest country in the world, and the second largest in Latin America.

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Argentina is rich in natural resources, and has seven diverse regions, including the Pampas – a very large and fertile alluvial plain in the centre and east of the country – and Patagonia in the south, consisting mostly of arid steppes and cold grasslands, with some forests in the Andes foothills.

Argentina has a highly-literate population of over 40 million, an export-orientated agricultural sector, and a diversified industrial base. It is highly urbanised, with 91% of the population living in urban areas (defined as those with 2,000 inhabitants or more).

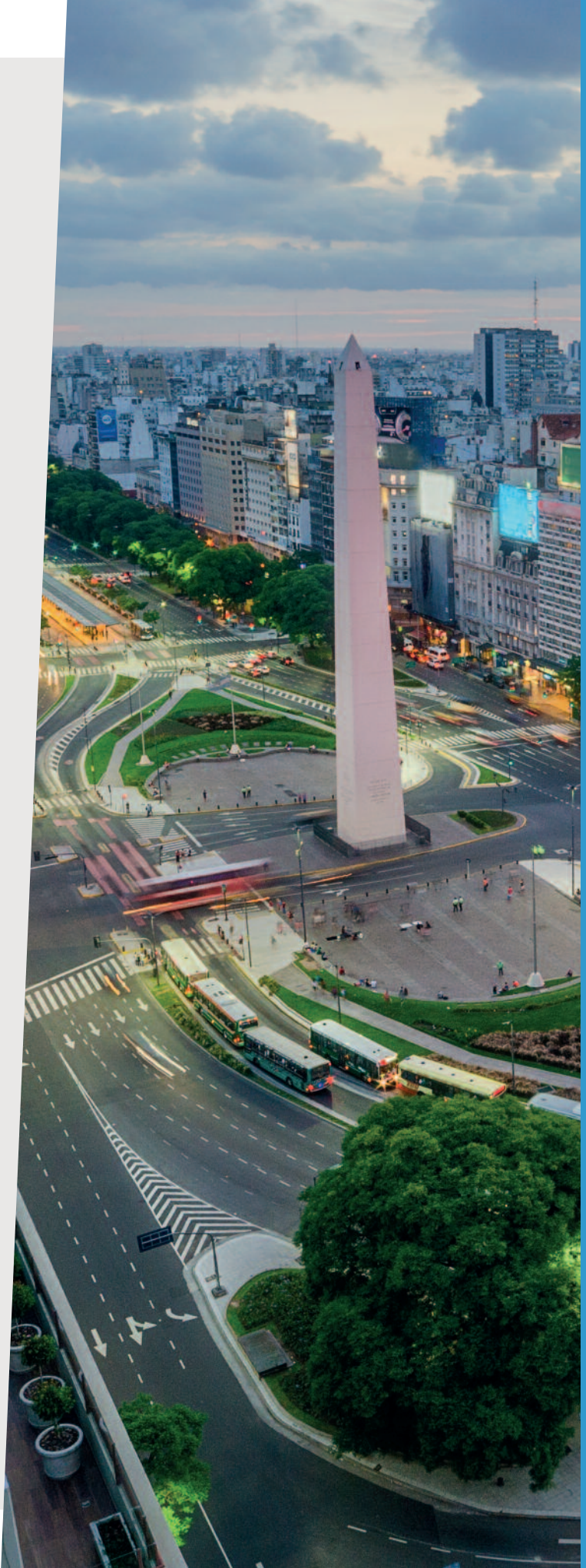
Buenos Aires, the country's multi-cultural, financial, industrial and commercial hub and the federal capital city, is located on the Rio de la Plata on the South American continent's southeast coast. It is an "Alpha City" with a metropolitan population of around 17 million, a top tourist destination (the most-visited city in South America) and constitutes the 13th largest economy amongst the world's cities.



# Quick facts

- **Location:** Southern South America, bordering the South Atlantic Ocean, between Chile and Uruguay
- **Population:** 44.1 million
- **Urban population:** 91.97%
- **Capital city:** Buenos Aires
- **GDP per capita (Oct 2018):** US \$14,462.9
- **Languages:** Spanish (official), Italian, English, German, French, indigenous (Mapudungun, Quechua)
- **Religions:** nominally Roman Catholic 92% (less than 20% practicing), Protestant 2%, Jewish 2%, other 4%
- **Government type:** presidential republic
- **Legal system:** civil law system based on West European legal systems; note – in mid-2015, Argentina adopted a new civil code, replacing the old one in force since 1871
- **Currency:** Argentine Peso
- **Climate:** mostly temperate; arid in southeast; subantarctic in southwest
- **Natural resources:** fertile plains of the pampas, lead, zinc, tin, copper, iron ore, manganese, petroleum, uranium, arable land
- **Natural hazards:** San Miguel de Tucuman and Mendoza areas in the Andes subject to earthquakes; pamperos are violent windstorms that can strike the pampas and northeast; heavy flooding in some areas; volcanism: volcanic activity in the Andes Mountains along the Chilean border; Copahue (2,997 m) last erupted in 2000; other historically active volcanoes include Lulllaillaco, Maipo, Planchon-Peteroa, San Jose, Tromen, Tupungatito, and Viedma
- **Time difference:** UTC-3
- **Internet country code:** .ar
- **National holidays:** Revolution Day (May Revolution Day), 25 May (1810)
- **National symbols:** Sun of May (a sun-with-face symbol); national colours: sky blue, white

[Source: UK DIT, FCO Economics Unit, CIA World Factbook (January 2019)]





## Mark Kent, British Ambassador to Argentina



As the Argentine Government further consolidates its economic reform programme and re-engages with the international community, it is time for UK companies to reclaim their position as one of Argentina's pre-eminent business partners.

The UK has world-leading technologies, goods and services to help deliver and enhance Argentina's new capital investment programme and drive for improved efficiency and competitiveness.

The emerging opportunities for UK companies are significant. Argentina is the world's 21st largest economy. It has the second largest manufacturing base in South America, a highly skilled workforce and vast natural resources. President Macri's reform agenda has returned the economy to growth and lifted barriers to international trade and investment.

Through renewed access to the international financial markets after an absence of over a decade, major new capital investment is taking place in transport infrastructure, utilities, public services, agribusiness, mining, energy and the upgrading of industrial and manufacturing capability. There is an increasing demand for innovative goods and services, including financial and professional services, consumer and retail products.

A strong UK-Argentina commercial relationship is very much at the heart of the renewal of our wider bilateral relationship with Argentina, as outlined in the UK-Argentina Joint Communiqué of September 2016. Co-operation is expanding across all areas, including on science and innovation, cultural exchanges, international policy and security and on South Atlantic issues. Change is taking place and new opportunities are arising. Now is the time for you to explore the Argentine market. We look forward to hearing from you.

### Mark Kent

British Ambassador to Argentina

<https://www.gov.uk/world/organisations/british-embassy-buenos-aires>



**British Embassy  
Buenos Aires**



## Advice from our Technical Helpline

The Institute of Export & International Trade's 'Export Helpline' provides help for any international trade query, including documentation, export controls, customs & VAT procedures, payment terms, Incoterms, and much more. Members of the IOE&IT can access the helpline for free.



### While exporting to Argentina the following general requirements apply

#### Cargo Manifest/Manifiesto de Carga de Importación

This document is to be submitted by the customs transport agent electronically via the module for advance information on the Cargo Manifest of the computerised system Malvina (SIM).

For sea freight: to be submitted five days prior to the arrival. If duration of transport is less than five days, the information has to be submitted prior to the departure of the vessel.

For air freight: To be submitted four hours prior to the arrival. For durations of transportation less than four hours, the information must be submitted upon the departure of aircraft.

A fee of 90 ARS is charged for each transport document mentioned in the Cargo Manifest (in case of air freight).

#### Customs Import Declaration/Declaración Única de Aduanas

The declaration is to be submitted electronically by the importer or customs broker in Spanish via Malvina (SIM) and a print-out is to be submitted to the customs authority.

There is a processing fee of 30USD for each customs procedure and/or operation processed via Malvina.

#### Declaration of Customs Value/Declaración del Valor en Aduana

The declaration is to be submitted electronically by the importer or customs broker in Spanish via Malvina (SIM).

It is also to be submitted electronically through the AFIP-website, if requested by the system. In addition, a paper version is to be printed and handed in.

#### Commercial Invoice/Factura Comercial

The invoice is to be prepared in Spanish, Portuguese or English. A legalised official translation may be required, if submitted in another language.

The document is to be submitted in the original or electronically. The invoice must be signed as a sworn declaration by the importer and the customs agent, if submitted electronically. Further copies may be required for the purposes of other authorities and/or the importer, as applicable.

If a Certificate of Non-Preferential Origin is required, the commercial invoice should contain the number of the Certificate of Non-Preferential Origin.

In trade practice, the Commercial Invoice often contains a declaration stating that the information provided is true, which should be signed by the exporter.

#### Pro Forma Invoice/Factura Proforma

The Pro Forma Invoice usually contains the same information as the final Commercial Invoice, but may be more concise. Additional details made known only in the course of the shipment or after accomplishing certain application procedures will be included in the Commercial Invoice. No specific form is required.

#### Packing List/Lista de Empaque

The Packing List is to be prepared by the exporter in Spanish, English, French, German or Italian according to standard business practice, including details of the content of the packages, description of the goods, marks and numbers. However, if the document is not prepared in Spanish, a translation into this language may also be required.

To be submitted in the original.

#### Certificate of Non-Preferential Origin/Certificado de Origen

The certificate is to be submitted in original by the exporter. It is to be issued in Spanish or English. A translation will be required if issued in another language.

The document must be legalised by the Argentine Consulate and is valid for six months.

For certain goods, such as specific textiles and textile articles, footwear, furniture, toys, etc., the submission of a Certificate of Non-Preferential Origin is compulsory for statistical surveillance or due to trade defence measures.

#### Proof of Preferential Origin

The Proof of Preferential Origin is only required if preferential treatment under a free trade agreement or arrangement is claimed. It is to be submitted by the exporter.

A Proof of Preferential Origin may replace a Certificate of Non-Preferential Origin, subject to acceptance by the customs authorities in the country of import.

#### Air Waybill/Guía Aérea

It is to be prepared by the carrier or his agent. Usually issued in English, however a translation into Spanish is recommended. The Air Waybill consists of a set of forms, three of which are originals and the rest are copies.

#### Bill of Lading/Conocimiento de Embarque

It is to be prepared by the carrier or his agent as a clean or unclean Bill of Lading. Usually issued in English, however a translation into Spanish is recommended.

Three full sets of the Bill of Lading are usually issued, each containing an original and several copies.

#### Note: Air Waybill/ Bill of Lading Multimodal or Combined Transport Document may replace these documents

if two or more modes of movement of goods are combined in one transport operation.

Declaration for Dangerous Goods Shipped via Sea Freight/ via Air Freight must be handed by the shipper to the carrier or his agent prior to the shipment of the goods if dangerous goods are being shipped.



# Economic overview

## Geography

Argentina's western border with Chile runs along the Andes mountain range, and to the north the country is bordered by Bolivia and Paraguay, to the northeast by Brazil, and Uruguay and the South Atlantic Ocean to the east.

[Source – Argentine Investment & Trade Promotion Agency (Jan 2018)]

## General overview

Argentina has a highly diversified economy. The primary sector is internationally renowned for its high productivity levels and use of advanced technologies. The country's well-developed industrial base includes key sectors such as agribusiness, automotive, pharmaceuticals, chemicals and petrochemicals,

biotechnology and design manufacturing. The service sector is the largest contributor to total GDP, accounting for over 50%.

The country is a leading food producer. Argentina is the world's third largest producer of soybean, soy meal, soybean oil and corn; the fourth largest producer of sunflower

(seed, meal and oil) and sorghum; the seventh producer of barley and the twelfth producer of wheat.

Argentina holds the fourth largest shale oil and second largest shale gas reserves in the world.

[Source – Argentine Investment & Trade Promotion Agency (Jan 2018)]

## Benefits to UK businesses

- high level of professional skills, including highest English Proficiency Index in the region
- sophisticated market with European tastes and business culture
- UKEF export credit facility of £1 billion
- direct daily flights with the UK, operated by British Airways and

Norwegian Air UK

- Double Taxation Agreement with the UK (one of only 18 that Argentina has in operation)
- good government-to-government business relations under the UK-Argentina Commercial Dialogue
- strong existing business representation: over 100 UK companies present in Argentina;

two bilateral Chambers of Commerce

[Source – DIT/gov.uk]

## Sector-specific opportunities

- **Agri-tech sector** – Argentina is one of the greatest food producing and food exporting countries of the world. It has 36 million hectares of arable and permanent cropland.

## MARKET EXPERTS



CINCO LIA  
INTERNATIONAL  
ADVISORY FIRM





- **Commercial property/real estate sector** – Construction is an essential sector for the country's economy and is one of the main promoters of development.
- **Education sector** – Argentina has the highest English language proficiency in Latin America.
- **Experience sector** – Argentina has more than 1,000 museums, some are already world class.
- **Financial services sector** – the Argentine State is putting emphasis to restore normal functioning of the institutions that actively participate in the sector.
- **Healthcare sector** – Argentina has one of the highest doctor-to-population ratios in Latin America.
- **Information and communications technology (ICT) sector** – Argentina is an early adopter of 'big data' and other sophisticated technologies.
- **Infrastructure sector** – The country has 53 airports (22 international). Argentina's rail network is the 8th largest in the world at 37,000 km.
- **Mining sector** – Opportunities in the mining sector are increasing in Argentina due to changes in legislation.
- **Oil and gas sector** – Argentina is one of the top three countries in the world for reserves of shale oil and gas.
- **Power generation, renewable energies, and utilities sector** – Argentina boasts abundant natural resources.
- **Urban security sector** – With public security rising up, the market is expected to grow stronger.

[Source – DIT/gov.uk/Argentine Government – Investment and Promotion Agency (Agencia)]

### Business etiquette, language & culture

Spanish is the official language of Argentina, with characteristic accents across the country, which differentiates it from Spanish spoken in Spain. Smart, stylish business attire is expected and is more formal in Argentina than in Europe. Timings can be flexible, so it may be difficult to arrange more than one or two meetings in a day.



For more information go to the Doing Business in Argentina Guide website at: [www.Argentina.doingbusinessguide.co.uk](http://www.Argentina.doingbusinessguide.co.uk) or to request a copy of the guide email: [institute@export.org.uk](mailto:institute@export.org.uk)

## Member Focus

# Profile of Marcel Landau MIEx



**Marcel Landau MIEx**  
Vice-Chairman  
The Institute of Export &  
International Trade

In each issue of World Trade Matters we will be running a Member Focus to talk to our members about their history with the Institute and their role in UK trade. In this issue we talk to Marcel Landau, who has long been an exporter and a board member of the Institute. He currently sits on the board as Vice-Chairman.

### How long have you been a member and why did you join initially?

I've been a member for 53 years. I had just started working in the export department of an international company, so I started to take the Institute's exams as a result and eventually got my MIEx.

**What was the Institute like in those days?** Very different to now. It was much better known with a larger profile because in the 1960s people were more gung-ho about exporting. It was something that a lot of people were aware of and there were plenty of opportunities around. This was before we had joined the EEC around the time that Charles de Gaulle said "non" to our applications to join.

**Are we returning to a Britain that is more outward looking?** We're going to have to. If we do leave the EEC, whatever way we do it, the only way the country will go on is if we go back to exporting to lots of other

countries. The big worry is that there's only 200,000 companies in the UK exporting compared to over 400,000 companies starting up every year, so it's a tiny percentage of businesses who are exporting.

If we're going to make up the losses of some of what we currently sell to Europe, we're going to have to drive up exports elsewhere. It's vital that the IOE&IT helps people to understand the opportunities that are out there and, through training, allow companies to know what they're doing when it comes to export.

**How can the Institute increase its profile again?** We need to be able to partner with a lot of different organisations like DIT and HMRC. There has to be partnership with all the government departments so that they know what we're trying to do for UK businesses. We also need to get more trade associations and corporate members on board, getting the people they employ to do our training and take our qualifications.

**How are you involved in the IOE&IT these days?** I've been involved at some sort of executive level for 25 years or so. This is my second stint as vice-chairman, having also been in the role during the mid-2000s. Prior to that I was chairman of one of its branches and have been involved in the councils too.

I've always been grateful to the IOE&IT. The qualifications I took in the 60s helped me to get a better job and to go onto achieve what I have. I always believe in putting back into something you've benefitted from and I'm always happy to do what I can to help and promote the IOE&IT.

**How are you involved in exporting generally at the moment?** I started my own business in 1971 selling packaging products, exporting them

throughout that period. I've sold to most places in the world, and export mostly to Europe at the moment. I have a major distributor who works in most major markets in Europe and I have a worldwide distributor based in the UK who sells our products as part of their portfolio around the world.

### What three tips would you give to companies who are new to export?

1. Go through one of our qualifications or training courses – that's the main benefit of becoming a member.
2. Use our helpline.
3. Read the new magazine, as it gives very advice on individual markets and shows the IOE&IT in a really good light.

**On a personal level, what's the main lesson you've learnt from your career in international trade?** As much as possible, visit your customers in person and learn a few words of their language, even if it's just to say, "sorry I can't speak your language".

In my opinion, exporting is largely a question of trust – the only way you're going to get a deal with someone from a different culture and country, is through trust. They'll only initially know you from your website, so you need to sell yourself as a person as well as your product.

You should also know about the market you're selling into – what's the culture? what's the history? – so that you can at least hold a conversation with them. You need to be able to show the person you're talking to that you're interested and that you care.

You should also know about the company you're dealing with, including why they're interested in what you do and why they'd benefit from buying from you. ■

# 'Exporting is easy, when you know how'

On 1 November 2018, the Institute of Export & International Trade (IOE&IT) hosted its annual World Trade Summit in partnership with Barclays and the Policy Institute at King's College London. The summit, taking place at Bush House in London, gathered key business leaders and decision-makers from both government and industry, including Baroness Fairhead CBE (Minister of State for Trade and Export Promotion), Louis Taylor (Chief Executive of UK Export Finance) and Chris Southworth (Secretary General of the International Chamber of Commerce). It was the centrepiece event of our year-long programme of summits around the UK.



## A highlight of the 2018 export calendar

The day started with an introduction from the IOE&IT's Director General, Lesley Batchelor OBE. Lesley updated the 200 plus delegates on some of the highlights of 2018 for the IOE&IT, including our work with the World Trade Organization and International Chamber of Commerce on the 'Open to Export International Business Awards', and some key findings from our summits across the regions in the UK throughout the year.

Noting the potential impact of Brexit on UK businesses' international

supply chains, Lesley highlighted how the Institute is on hand to support UK businesses to prepare for all the different potential outcomes of Brexit, through its training courses, helpline, and qualifications.

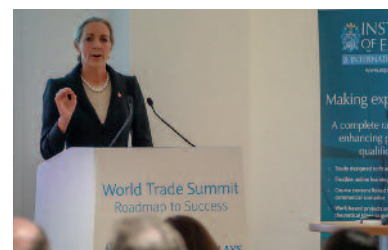
## New export research paper from Barclays and the Policy Institute at King's College London

Lesley was then followed by Russ Grazier (Head of ECA Trade and Capital – London, Barclays) who was the first to mention a new research paper launched by Barclays and King's College London's Policy Institute at the summit.

The paper, entitled 'Removing barriers to export growth: Regional and sectoral perspectives', was also the focus of presentations by Mark Kleinman (Director of Analysis & Professor of Public Policy, King's College Policy Institute) and Baroness Fairhead CBE, who also gave an update on the work already being done by the Department for International Trade (DIT) and UK Export Finance (UKEF) towards implementing the government's Export Strategy that was launched in the summer.

Russ, Mark and the Baroness revealed several key findings, including:

- Improving export performance is intrinsically linked to overall economic performance
- The UK needs more 'Super Exporters' – companies that export 10 or more products to 10 or more markets ▶



## London World Trade Summit



- The impact of creating more 'Super Exporters' is that more smaller businesses throughout the supply chain will then become more likely to export as well
- The export supply landscape is strengthening but remains complicated and difficult to navigate for new exporters
- Despite continuing uncertainty, Brexit has placed international trade at the centre of political debate, which has in turn increased awareness about export opportunities

Speaking of the increasing support for UK businesses, Baroness Fairhead noted that when she began her role with DIT, there were only 1,700 live export opportunities on great.gov.uk, but this has since increased to over 22,000. This along with increasing



export funding from UKEF suggests steps are being made towards the actualisation of the export strategy's ambition to raise exports as a percentage of UK GDP from 30% to 35%.

### Roadmap to Export Success

The second part of the day saw Dr John Llewellyn (Partner, Llewellyn Consulting) and a panel consisting of Richard Morley (Customs Manager, Grant Thornton), Colin Kneller MBE (Director of Investigation, Harod Associates) and Toni Allen (EMEA Marketing Director, British Standards Institute) give advice on how businesses can plan their 'roadmap to export success' – a key theme throughout our 2018 regional trade summit programme.

Dr Llewellyn began the session by presenting a case for why international trade is a good thing for both economies and businesses, giving an overview of the economic climate in international trade, before assessing the potential economic shock that Brexit could have, and the processes and time involved in recalibrating the UK's economic system after it. The panel

then gave practical advice about how AEO and standards can act as ways of safeguarding business' international supply chains, whatever happens with Brexit.

### Mixing it up – Atom Brands show us how it's really done

The final session of the day was kicked off by an inspiring case study presentation from Nick Ravenhall (Global Head of Sales, Atom Brands). Nick spoke of his experiences exporting Atom Brands' range of craft gins and whiskies around the world. Indeed, some of this product range was showcased during the evening drinks' reception at the end of the summit, to the delight of most delegates.

His advice to look at export markets as international interest communities, focussing on the people who care about what you do rather than just looking at geographical regions,





was an important point and something which often gets overlooked in many international trade strategies. Nick was followed up by Louis Taylor from UKEF, who now provide financing for businesses to export into over 100 countries in 62 different currencies.

### Trade Wars and Free Trade

The final panel discussion of the day tackled 'Trade Wars and Free Trade'. Moderated by Will Hobbs (Head of Investment Strategy, Barclays), Chris Southworth and Jessica Gladstone (Clifford Chance, Partner) were joined by Nick again to give an update on the latest developments in international trade at an organisational and legal level. Chris and Jessica both noted how the ongoing blockages to the filling of positions on the WTO appellate body – a key body responsible for mediating international trade disputes – was a serious threat to the ability of the WTO to preside over a rules-based trading system and a potential precursor to a worsening of the burgeoning revival of international trade wars, particularly between the USA and China.

Chris noted that the UK will need to become much more adept at the nuanced politics of international trade – something it hasn't had to be too involved in at an industry level while a member of the EU. In describing some of the ongoing debates at WTO level, he also mentioned the tensions between liberalised trade in developed markets and the desire to share the benefits of trade among developing nations.

On a more practical note, Nick made the point that businesses shouldn't wait for trade disputes between major nations to resolve themselves, arguing that the best way to do business is to just get on with it and to make the most of the opportunities that are out there. This important point was echoed by Jessica who noted that the only certainty in business right now is

uncertainty, so uncertainty can't be used as a reason to delay going out there and trying to do business.

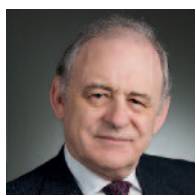
### Exporting is easy when you know how

Closing what was another information-packed World Trade Summit, Lord Green of Hurstpierpoint (President of the IOE&IT) argued that increasing exports is a fundamental requirement for the future of the UK economy, especially as it looks to become more independent and less reliant on being a consumer of other markets. He concluded that this can only be achieved if companies learn how to do international trade properly – something the IOE&IT is on hand to support with, through its training courses and qualifications, and through events like the World Trade Summit. ■



# Why Export Matters:

## Interview with Dr John Llewellyn



**Dr John Llewellyn**  
 Partner  
 at Llewellyn Consulting

### What are the main economic arguments in favour of exporting?

For one, exports are a source of demand that augments demand in the home market.

Second, exports are a key source of foreign-currency revenue that allows the UK to import things that it cannot or does not make at home.

That's only part of it though. Another hugely important dimension is that exporting provides businesses with access to a bigger market, and this applies to everyone, even those with the largest domestic markets – the Americans, Europeans, and Chinese. Given that exporting is important even for them, think how important it is for countries like the UK, that have much smaller home markets.

By enabling producers to sell into a market that is way bigger than their domestic one, they gain economies of scale in production. That has constructive consequences for labour productivity, and thereby for real wages. If you think about the large-scale, high productivity, high-wage auto industry, for example, the virtuous link between access to large (foreign) markets and high (UK) wages is self-evident. Not surprisingly, the international evidence is that exports and business investment correlate closely.

Another element is that when international firms establish themselves in the UK, they not only bring in investment, including important new technologies, they also provide increased market access abroad.

There are further reasons too why exporting is so important. While firms individually do not always like competition, there can be little doubt that consumers (as well as all firms that buy inputs) benefit enormously from vigorous competition in markets; and the international trading system, with its current openness to exports and thereby imports, plays a large part in ensuring that competition endures.

**We still don't know what Brexit will look like, but how much of a shock will it be not being part of the European market?**

The first shock would be the reduction in export volume, relative to what would have happened otherwise. That results in reduced demand for goods and services, and thereby in GDP, and then tax receipts. Governments always say that they are cash-constrained, but future UK governments most certainly will be. The UK has now been through ten years of austerity, and public expenditure now accounts for its lowest proportion of GDP for many decades. There is already-evident pressure for public spending to rise. With key institutions – including the NHS, the armed forces, and the police – now particularly constrained, any further period of slow tax receipts is likely to prove particularly serious.

### The UK is an island and an export-import economy. To what extent will Brexit change the overall economic structures of the UK?

Any form of Brexit would inevitably change structures to some extent; and, in some cases, not necessarily for the worse. The UK will likely have a proportionately smaller financial sector than it has at the moment, which may or may not be a good thing. There are serious economists who think the financial services sector in the UK is too big in relation to its GDP. For example, as measured by bank assets, the size of the banking sector is about five times GDP, which is the biggest ratio anywhere bar Hong Kong ►





and Singapore. This makes the UK vulnerable to periodic banking crises, and thereby poses a risk to the public finances.

Agricultural policy will inevitably be different from how it has been these past forty-odd years, though it is impossible to know how it will change until the government spells out its agricultural policy in full detail. This could be a difficult area. The notion that the UK is going to sign trade deals with New Zealand and Australia is a difficult one to fully fathom because what those countries want is more access to the UK market, which is not necessarily what UK farmers want.

Brexit will probably not be too disruptive for anyone exporting knowledge-intensive products, such as researchers designing microchips for instance. But firms that manufacture things will suffer – some already are – because Europeans are starting to source from alternative suppliers on the Continent. Much will depend on the precise Brexit deals that are ultimately struck.

In terms of manufacturing, I doubt that the UK will end up in a situation where automobiles, for instance, will not be produced in this country at all, because the government is determined to preserve that industry. However, the industry may well not see the new investment that would have come in had the UK

remained a part of the EU – for the fundamental reason that it is the EU market, not the UK market, that is the big prize market for these companies.

Supply chains, which are a central feature of the modern world, and which do not seem to be fully understood in the policy world, may well be a particular challenge, particularly in mass-production activities. Introducing any friction is bound to imply costs. In other words, Aston Martin and Morgan will probably be hurt less than Jaguar Land Rover, Toyota, and Nissan.

#### What can the UK do to make itself an attractive proposition to markets around the world after Brexit?

Most fundamentally, firms need good information on what the world demands, and then must produce these goods and services at high quality and a competitive price.

In part this is a cultural matter. In Germany for example, exports are widely considered to be a, quite possibly *the*, superior form of demand. It is not obvious that that is the case in the UK.

Many things could be done to boost UK exports. From the perspective of a business, it is necessary to: go on trade missions to tell people what you do; receive

good support from the UK government, and ensure you have a website that lays out all that is on offer – something the UK is not great at doing compared with, say, the Australians. However, much of what businesses need to do is just hard graft.

On the political level, discussions need to be had about where there are opportunities, but this is not always easy. Each country has its agenda. India, for example, wants its people let into the UK, but the UK is not keen on this. Australia and New Zealand want to export more agriculture, but the UK's farmers do not fancy this. Meanwhile, the EU, and thereby the UK through the EU, already has a fairly comprehensive agreement with Canada, and it will not be easy for the UK to better that, at least for some time, once it is on its own. And much the same applies to trade with other countries, including Japan, where the EU has just signed a rather far-reaching trade deal.

In short, if the UK goes ahead with Brexit, the going will not be easy. ■



**Interview**

# Managing Risk: Interview with Martin Dubbey (Harod Associates)



**Martin Dubbey**  
CEO at Harod Associates

Harod Associates help companies manage risk when selling overseas, including the threat of fraud and crime. What are the main things that exporters need to know about when it comes to risk and international trade?

We're a company of former customs officers and investigators. We look at crime and trade risk issues in terms of threats to the supply chain. We also look at border and customs procedure changes that may come about because of Brexit and the encouragement to do more trade with the rest of the world.

From my perspective, an important way to deal with supply chain risk is to ensure you know who you're

dealing with overseas, the classics of know your customer and know your supplier. Are they credible or are you being drawn into a fraud or scam? Are they who they say they are?

Our role is to protect our customers from supply chain risk, to protect them from regulatory concerns such as sanctions and breaches in customs procedures, whilst at the same time making sure that they are dealing with suppliers and customers who are who they say they are.

Would you say that the biggest aspect of managing risk is doing your proper due diligence?

It is absolutely vital to know who you are dealing with as you move into new markets. There are plenty of fraudsters out there, so doing due diligence becomes absolutely vital both from the perspective of making sure you know who you're dealing with and making sure you don't get ensnared in any regulatory or crime issues.

With Brexit on the way and lots of companies being told to spread beyond the EU, have you seen an uptake in interest?

From my experience so far, it's a bit early for companies to think about new markets. People are still waiting to see what's going to happen. Despite the encouragement, it's hard to see a move or a trend in companies looking far beyond the EU. My main concern is that there are between 145,000 companies who only trade with the EU and who have only experienced frictionless trade routes into export before. If new regulations come in, which is likely, how will that affect them? That's where we will come in to help and advise on the new procedures.

How do you help companies prepare or respond to tariff changes caused by other factors like trade wars?

This is a concern of ours, but our role is more down to earth, helping companies with customs processes and procedures. We help companies who have not experienced the full extent of customs procedures before, whether under WTO rules or another arrangement.

Companies who have already been dealing with WTO rules won't have too much of a problem extending that to their European market, ►

but we just don't know how bureaucratic it might get. If it becomes a log jam it will affect everyone no matter how well-versed you are in the procedures. As former customs officers we help and advise people on the best way to prepare for Brexit in terms of both their own customs procedures and managing risk throughout the supply chain.

**Do you think businesses in general are well enough prepared?**

It will be a real jolt for those companies who've only traded with the EU before – particularly those who have traded over just the last 10 to 15 years. One of our former customs officers worked in customs control before our entry into the single market in the 1970s so we've got a depth of experience about what trade might look like after Brexit. Overall, companies have to do much more to prepare. This is absolutely business critical now. I would advise that within companies a point of contact for customs trade procedures is set-up.

The primary concern will be those companies who've only previously dealt with Europe; secondary will be those looking for new markets and how they will deal with WTO rules coming in.

**AEO has been talked about as a solution. Should companies be looking at AEO as a way of mitigating risk?**

The system of AEO has been heavily pushed in the government's white paper as part of its proposals to the EU. I don't think it's a complete solution, but it will definitely be a partial one if the EU agrees.

AEO is built on WTO guidelines and adapted around the world. Exporters who are looking to increase their trade around the world may benefit from AEO. Because we know that other countries are coming on board with this system – such as Japan and India – it's going to be mutually beneficial for companies in these adopting countries.

We say it's helpful because it involves a review of your physical security and it involves a review of your compliance to ensure you are up-to-date with customs procedures – both are things we recommend all companies to do.

We've developed a gap analysis software called SafeguardAEO, that helps companies through the AEO process. You'll be able to assess where you stand in relation to AEO requirements and where you need

to improve. Once you've decided you've got everything you need using the software, you'll be able to press a button to print off your AEO application.

The software will be useful for companies, particularly as there's been an increase in applications made to HMRC. Our understanding is that HMRC are looking to recruit 5,000 new customs officers to police the borders; of those 5,000, 1,500 will be allocated to policing AEO. It's clearly on the government agenda.

What we don't know is what the EU's response will be, so we don't know what benefits there will be to a German company working with a UK company that has AEO. We don't know yet if it will contribute yet towards frictionless trade, but it appears high on the government agenda to do so. ■



**Harod Associates**  
Borders and Security



# How robust risk management can help you **go global with confidence**

Expanding geographic horizons and embracing global trade undoubtedly brings companies countless opportunities, but also inevitably increases the range of risks and exposures they face. So how can a firm best mitigate those risks and go global with confidence?



**Cheryl Rawbone**  
Chairman of the Coventry branch. Global insurance broker, risk management services & consulting firm Gallagher

Effective risk management through robust practices and procedures will ultimately enable a company to avoid risk altogether, reduce the chance of the risk arising or mitigate the effects should that risk occur. It shouldn't be forgotten that insurance itself is a form of risk management – you are essentially paying someone else to take the risk from your own balance sheet and transfer it to theirs.

The international insurance market is also complex, with regulations and requirements differing from country to country, and subject to frequent change. You can ask for advice about the additional risks you may face as a result of exporting from either your insurance broker or a specialist risk consultant, but effective risk management really can make the difference between an affordable insurance premium and a cost-prohibitive one. To achieve this, businesses need a solid understanding of the landscape of their chosen overseas markets to provide assurance that any insurance protection they have bought will respond and thus protect their assets and liabilities.

That means knowing the right questions to ask, and the right areas to assess. Advice can be sought from either your insurance broker or a specialist risk consultant about the additional risks you may face as a result of exporting, but effective

risk management really can make the difference between an affordable insurance premium and a cost-prohibitive one.

For example, consideration should be given to the following areas:

- Different regulatory and tax regimes – are you compliant?
- Transit of goods – are there different options (road / air / sea) and what are the risks involved? Will you transport yourself or use third parties?
- Do you have sufficient testing and quality control procedures in place? Is this evidenced and documented?
- Do you know what your product will be used for after export? Will it be incorporated into another product? Can you control its use by contract or other means?
- Do you have recall procedures in place?
- Do you have a business continuity plan (BCP) in case of crisis?
- Is there access to crisis resilience advice or assistance?
- Have you considered the impact of hold harmless agreements/ joint or named insureds? ▶

- And what about courts' jurisdiction & geographical exposure, sanctions, and contract control?

### How insurance can be part of the solution

When you start to trade internationally you will realise that different people often talk about insurance using slightly different terms. But there are some core types of cover to get to grips with: what they do and where they might impact on your international business or your ability to trade profitably.

If you are planning to export either products or services, there are certain policies you are likely to need, which we set out here. While you may already have these in your existing programme, it is not sufficient to simply have a policy with these names or descriptions on them – the underlying insurer must be made aware of and advised about your export activities as the existing policy wording may not be suitable, meaning the policy might not respond in time of need. Notifying the insurer will also discharge your duty of disclosure.

### Product Liability

This cover protects you in the event that your product causes injury or damage to a person or their property. You could be liable to pay compensation in these circumstances even if you didn't manufacture the product, and the costs can be severe.

If you design, manufacture or supply a physical product, then you should have this form of insurance protection, even if it is manufactured by someone else. Some countries will apply a strict liability to injuries caused by faulty products, so you could be liable even if you haven't been negligent and it isn't your fault.

### Marine / Cargo / Transit

If you are exporting a physical product then it needs to move from your factory or warehouse to your customer, and marine insurance provides protection for this. There are various ways of covering goods in transit, and often this depends on who is made responsible for the goods whilst they are on the move. Cover can be placed per the Incoterms applying.

If you are the party deemed responsible for the risk of loss or damage in transit to your customer, then cover will normally be arranged by you. Alternatively, your transport of the goods may be carried out by a specialist third party haulier. In this case, the haulier may provide cover – but you should check this carefully. The haulier may charge a higher cost than if you insured yourself, and cover may be limited.

In some cases, the customer will prefer to arrange the transit themselves. If this is the case then they will usually insure. Again, it is important to check what cover is in place. You can insure single transits, or put an annual policy in place to cover all transits.

### Trade Credit

With the continued uncertainty and volatility in the economic climate, businesses are also looking more closely at ways to protect their largest current asset – account receivables – by minimising and mitigating the impact of a bad debt through the protection of their balance sheet against non-payment risks.

Most customers today require credit terms in order to buy goods and services, and a reluctance to offer credit can place suppliers at a distinct competitive disadvantage.

Trade credit insurance provides cover for businesses if customers who owe money for products or services do not pay their debts, or pay them later than the payment terms dictate (in domestic and export markets). It gives businesses the confidence to extend credit to customers, both new and existing, and can help facilitate access to improved funding and reduced borrowing rate from your financier.

Typically risks covered are:

- **Commercial risk:** the risk that your customers are unable to pay outstanding invoices because of financial reasons – for example, declared insolvency or protracted default.
- **Political risk:** non-payment as a result of events outside your or the customer's control – for example, due to political events (wars, revolutions); disasters, (earthquakes, hurricanes); or economic difficulties, such as a currency shortage so they are unable to transfer money owed from one country to another.

Cover can be whole turnover (UK and/or export sales), multi buyers, named customers or single risk cover.

In conclusion, with good advice and support you can embrace the opportunities for global trade whilst effectively mitigating your risk exposure. ■



Insurance | Risk Management | Consulting

# The Institute of Export & International Trade are **'WTO-ICC Small Business Champions'**

Zambian Honeymakers, Dytech Limited,  
Win the 'Open to Export International Business Awards'



The Institute of Export & International Trade (IOEIT) are now officially recognised as 'Small Business Champions' by the World Trade Organization (WTO) and the International Chamber of Commerce (ICC). This follows the completion of the IOEIT's proposal to run 'The Open to Export International Business Awards' – a competition encouraging MSMEs from anywhere in the world to take ownership of their international strategies by

completing an 'Export Action Plan', using Open to Export's (OTE) online planning tool.

After a thrilling showcase final at the WTO Public Forum in Geneva - in which the year's best 'Export Action Planners' pitched to an expert panel of judges for the chance to win a \$5000 cash prize - Dytech Limited, a Zambian honey producer, were named as winners of the inaugural international competition.

Dytech Limited impressed the judging panel with their broad product range, 100% natural production processes, and its social impact in training highly skilled beekeepers in Zambia, 40% of whom are women. Two runners up – Hot Mama's Belize (pepper sauce producers) and Lhamour (skincare products from Mongolia) - also won free membership with the International Chamber of Commerce. ▶

The IOE&IT had received export plans from all over the world, with the finalists coming from Peru, Vietnam, Algeria, Zambia, Belize, Mongolia, Macedonia, Trinidad, Armenia, St Kitts, Jordan and the UK. Overall, the IOE&IT reached SMEs in at least 74 countries during the awards initiative, showing that it is leading the way for a more outward-looking Global Britain.

The judging panel consisted of Yi Xiaozhun (Deputy Director General of the WTO), Chris Southworth (Secretary General of ICC UK), Arne Mielken (Young President of the IOE&IT), Nicholas Niggli (Director General for Economic Development, Research and Innovation, Republic and State of Geneva), and Shaun Lake (Senior Adviser: E-Learning at the International Trade Centre). The final was compered by Director General of the IOE&IT, Lesley Batchelor OBE.

### Causing a Stir at the WTO Public Forum

The final took place at the WTO Public Forum - the WTO's largest annual outreach event, providing a platform for participants to discuss the latest developments in world trade and to propose ways of enhancing the multilateral trading system. Throughout the Forum, the IOE&IT and OTE ran a stand promoting the competition finalists, including samples they had bought from all over the world.

The stand showcased the businesses of each of the finalists, with samples on show including Vietnamese and Mongolian natural soap products, Scottish marine biology inspired fashionwear, Algerian chemical-free pesticides and rodenticides, and Andean beauty salt products. From further afield, finalists also pitched Armenian wines, Macedonian caviars, Belizean pepper sauces, Jordanian tote bags manufactured by Syrian refugees, Trinidadian vinyl



clocks, and food-inspired beauty products from St Kitts.

Throughout the Forum the OTE Awards stand was a busy hub of inspiration and discussion, with each of the attending finalists meeting with international businesses, media, governments, and trade support organisations.

### "Inspiring to be supporting SMEs from all over the planet"

WTO Deputy Director-General Yi said:

"I would like to congratulate the Institute of Export and International Trade on the completion of their project. Developing the skills of SMEs and giving them the necessary guidance is essential if we want them to increase their participation in international trade. I also wish to congratulate all the finalists for the great ideas they have presented today."

Chris Southworth, Secretary General of ICC United Kingdom, said:

"Making world trade more inclusive means enabling more SMEs to trade — like the 12 finalists of this International Business Award — and expand into global markets. In helping SMEs design and implement global growth plans, the Institute of Export and International

Trade is playing an important role in bringing the indisputable benefits of open trade to a wider cross-section of companies and workers. Congratulations."

Lesley Batchelor, Director General of the IOE&IT, said:

"Running this competition and working with inspiring MSMEs from around the world has been both humbling and truly inspirational. Thank you to the WTO and ICC for supporting it."

Arne Mielken, Young President of the IOE&IT, said:

"We are deeply honoured by the confidence the WTO and ICC have placed in us, enabling us to make a practical and tangible contribution towards more inclusive trade. We've been delighted to work with the WTO on the Open to Export International Business Awards with the honour of hosting the final at this year's WTO Public Forum. We are proud of the achievements of our finalists, who are a shining light for MSMEs around the world. The future holds bright for all of our contestants today, who have shown the impact that technologies like our 'Export Action Plan' tool can make towards increasing trade from all places and from business of all sizes." ■

## Export Action Plan



Representative: Alan Chanda | [www.facebook.com/dytech.zambia](http://www.facebook.com/dytech.zambia)

### Dytech Limited (Zambia)

**How did you find the experience of pitching to the judges during the final?**

I found the pitching experience very rewarding and the follow up questions by the judges extremely helpful, enabling one's business idea to be examined by experts which in turn improves the overall projectile.

**How did you find the experience of being at the WTO Public Forum?**

It's a great place and platform to interact with people from all walks of life from around the world, who serve as crucial avenues for exchanging ideas. This is vital to shape businesses in the times ahead. I found it amazing to learn from so many experts for free. This is a priceless experience that I could not imagine getting in one place.

**How did you find the using the Export Action Plan tool and what impact did it have on your business?**

The Export Action Plan is a very useful tool that I found to be practical in guiding one's business through well targeted steps to build an efficient export strategy. It sets milestones with lists of items to use and affords one the opportunity to plan each step ahead of time. This is very important in helping formalise all possible logistical requirements for success in our interconnected world.

**Looking ahead, what's your next step now as a business?**

Dytech plans to model its export strategy, picking up from the successful Export Action Plan tool, to develop a robust viable business approach. We plan to introduce small SweetHarvest™ Pure Honey™ portions for restaurants hotels, lodges and commercial airlines, to cater for a rapidly

growing niche market alongside Honeyman Sweets™ in 2019. This will shape the growth strategy in terms of building the capacity to increase the revenues streams from various honey products. Then we will reinvest into building 100,000 innovative low cost ZamHives®, 40% of which will be given to women to increase honey production to 3,000 tons per season in rural African communities by 2020. Now, a greater market has emerged from our highly productive ZamHives® - an innovative dynamic scalable low-cost beehive that that lifts yields from 15kg per season to 75kg, which we will seek to exploit.

Current market demand far outstrips our capacity to produce beehives, which Dytech makes through outsourcing to a range of people including carpentry workshops offering vocational training to youths. We need investment in machinery to build a high capacity carpentry workshop and employ 100s of youths to meet the market demand across Africa. ►



What three tips would you give to other MSMEs looking to enter international trade?

- Carry out research to understand export market requirements in the export region(s) of interest.
- Develop a plan to make sure the product(s) meets the export requirements.
- Develop a plan that takes all costs and logistical requirements into account. ■



#### About Dytech Limited

Dytech Limited is a highly innovative agribusiness company. Under the brand SweetHarvest™ Pure Honey™, Dytech produces 320 tons of honey from wild flowering miombo forests of Zambia, processing and packaging it, as well as offering beeswax, royal jelly and propolis, and various other honey-based products. The products are sold in 150 selected shops and 3 major chain stores in Zambia, as well as to international buyers.

The company uses innovative extracting methodology and equipment, securing its continuous supply through two big farms populated with 2,000 beehives and 2,500 rural honey out growers, with 5,000 SweetHarvest™ Pure Honey™.

Dytech pays rural honey out-growers above 150% compared to the value of most crops they grow per kilogram. We call this beehive ZamHive® with an average production uplift of 250% from 15kg to 75kg.

#### THE PRODUCT

Dytech Limited produces honey that is 100% natural and sells various innovative value-added products such as honey sweets (in various flavours including mango, pineapple, apple, lemon, strawberry, banana, orange) and gongs (candy, lollipops

& lozenges), squeezer bottled honey (250g, 350g & 500g) and 300kg metal drums bulk export branded as SweetHarvest™ Pure Honey™. The company controls the quality of the product in every step of the production chain from the beehive to the consumer. It uses ZamHives® as an innovative dynamic scalable low-cost beehive that lifts yields from 15kg per season to 75kg – an increase of 250% that has been introduced in four provinces of Zambia and two towns from Southern Democratic Republic of Congo. It has trained 2,500 beekeepers, 40% of whom are women, in order to increase the production capacity to meet the huge export demand.

#### THE MARKET

Local demand in Zambia is estimated at about 180 tons with estimated growth of 60%; export demand from the EU is at 400,000 tons; from China there are 365,000 tons; 280,000 tons from the USA; and from South Africa 500 tons at an equal growth. Dytech currently has tremendous market interest from Norevo from Germany for 200 tons of honey every 4 months, a growing supply to South Africa with current exports at 60 tons of honey per year. Demand for bee wax and propolis from Europe is high as well and demand for ZamHive® is now estimated at around 100,000 from as far afield as Mozambique and Nigeria.



## Egypt overview

The Arab Republic of Egypt has a strategic geographical location in the heart of the Middle East and North Africa (MENA) region with sea ports scattered over the Mediterranean, Red Sea and Suez Canal, making it a hub for international trade between Europe, the Middle East, Africa and the Far East. The Suez Canal links the Red Sea to the Mediterranean – a connection vital not just to Egypt but to the world.

Download the free Mobile App



Egypt is a lower-middle income country with a population of almost 100 million. Its fast-growing, young population, diverse and expanding economy, and its strategic location make it an ideal global business hub. At nearly 30 million, Egypt's labour pool is the largest in the region, consisting of a well-trained, highly-educated and competitive workforce in a variety of sectors.

As an added incentive, beneficial trade agreements, including the Greater Arab Free Trade Area (GAFTA) and Common Market for Eastern and Southern Africa (COMESA), provide the country with favoured access to regional

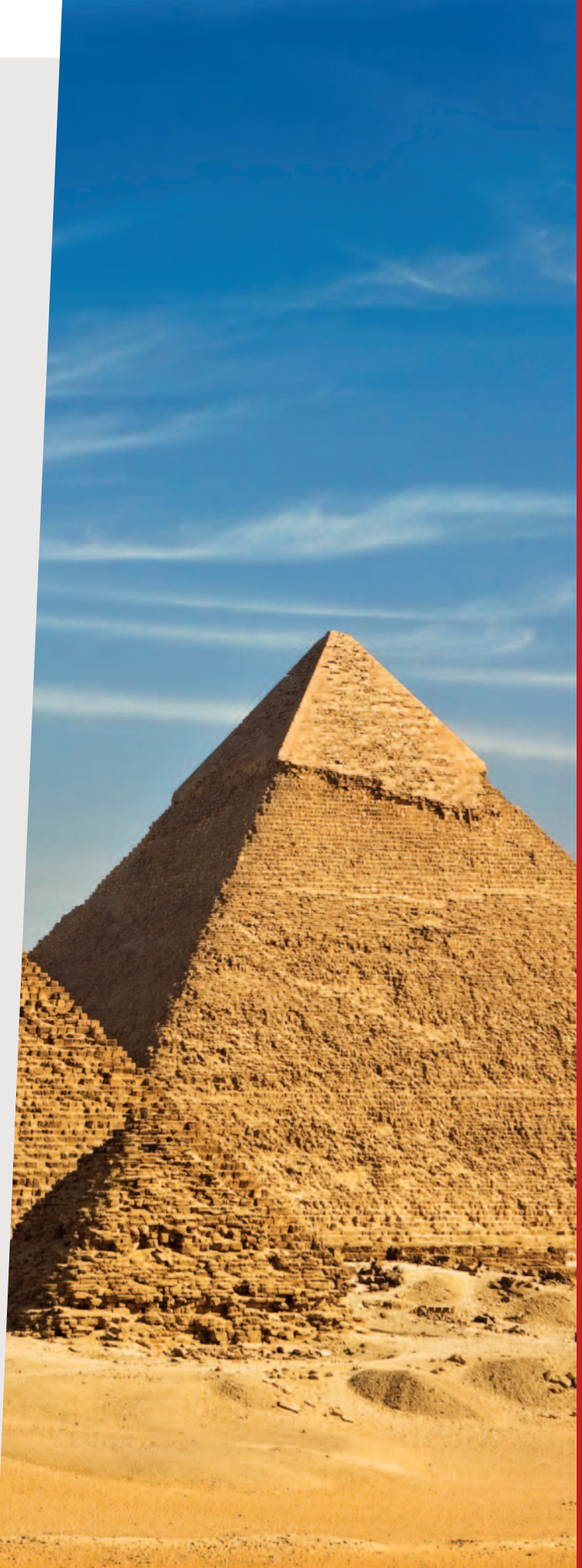
growth markets. Egypt's free trade agreement with the EU means that UK companies trading with Egypt are exempt from tariffs on industrial products. Many already benefit; the value of UK trade with Egypt is around £3 billion. In addition the numerous free zones around the country support Egypt-based manufacturing hubs for SMEs and multinationals. There are abundant opportunities for UK businesses.



# Quick facts

- **Location:** Northern Africa, bordering the Mediterranean Sea, between Libya and the Gaza Strip, and the Red Sea north of Sudan, and includes the Asian Sinai Peninsula
- **Area:** 1,001,450 km<sup>2</sup>
- **Population:** 99.3 million (United Nations, 2018)
- **Urban population:** 42.7%
- **Capital city:** Cairo
- **GDP per capita:** US \$2,500.8 (FY 2017)
- **Languages:** Arabic (official), English and French widely understood by educated classes
- **Religions:** Muslim (predominantly Sunni) 90%, Christian (majority Coptic Orthodox, other Christians include Armenian Apostolic, Catholic, Maronite, Orthodox, and Anglican) 10% (2015 est.)
- **Government type:** presidential republic
- **Legal system:** mixed legal system based on Napoleonic civil and penal law, Islamic religious law, and vestiges of colonial-era laws; judicial review of the constitutionality of laws by the Supreme Constitutional Court
- **Currency:** Egyptian Pound
- **Climate:** desert; hot, dry summers with moderate winters
- **Natural resources:** petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, rare earth elements, zinc
- **Natural hazards:** periodic droughts; frequent earthquakes; flash floods; landslides; hot, driving windstorms called khamsin occur in spring; dust storms; sandstorms
- **Time difference:** UTC+2
- **Internet country code:** .eg
- **National holidays:** Revolution Day, 23 July (1952)
- **National symbols:** golden eagle, white lotus; national colours: red, white, black

[Source: FCO Economics Unit, CIA World Factbook (January 2019)]





## British Embassy Cairo



### Sir Geoffrey Adams, British Ambassador to Egypt

Egypt is an exciting destination for UK investors and exporters.

The sheer size of this ever-growing market, and the natural advantages of its energy reserves, geographical location and unique history, produced opportunities and returns in a diverse range of sectors even when times were tough in the global economy or regional politics. British companies have done uniquely well seizing these opportunities, making the UK Egypt's top economic partner with 40-50% of all investment flows into Egypt each year.

Now, Egypt is on the threshold of a new era, with a series of unprecedented reforms since 2016. The opportunity now is for Egypt to move from this stabilisation phase to new and more diverse, inclusive growth. That requires a more open private sector, and more transparent rules for companies to come and compete in a clear and predictable environment.

The Egyptian Government is sending a clear signal about the importance of winning new investment in this way to grow exports, industrial production and a huge new middle class in one of Africa's giant economies. The UK Government and international institutions are actively supporting Egypt to implement this vision.

British business is set to be Egypt's perfect partner, with world class strengths well-aligned to Egypt's priorities. Over 1,500 UK companies are already active in a range of sectors. As Egypt shifts its focus to unlock talent, enterprise and innovation, the UK is leading the way in knowledge-intensive sectors such as education, technology and finance.

Sir Geoffrey Adams  
British Embassy Cairo  
<https://www.gov.uk/world/organisations/british-embassy-cairo>

### While exporting to Egypt the following general requirements apply

#### Prior Notice of Arrival/ *Ish'ar qabl-al-wusul*

This document is to be prepared by the carrier or his agent in English or Arabic and submitted to the authorities at the customs office of entry in the original, no later than one day prior to arrival.

#### Manifest/ *Qa'imat al-shahn* (also referred to as general and single transportation list of cargoes)

The document is to be prepared by the carrier or his agent in Arabic or English and submitted electronically. Prior registration with the Egyptian Customs Authority (ECA) is required to submit the manifest electronically. A separate manifest is required for each unit of transportation.

For sea freight, the Manifest is to be handed in to the customs authorities at least 24 hours prior to ship arrival. For air freight, it may either be submitted after the arrival of the airplane or prior to its departure in the country of export. In case of road transportation, it must be handed in to the nearest customs office of entry upon the vehicle's arrival at the border.

#### Single Administrative Document

The SAD is to be completed by the importer in Arabic.

It is to be submitted electronically via the Egyptian Customs website after registration with ECA. A paper declaration form may no longer be submitted. In case no electronic procedure is available at the border entry point, the document must be submitted at the closest customs entry point.

#### Declaration of Dutiable Value

This document is required if the goods are not duty-free and is to be completed by the importer in English or Arabic. The customs authorities will issue a summary report after evaluation.

## Advice from our Technical Helpline

The Institute of Export & International Trade's 'Export Helpline' provides help for any international trade query, including documentation, export controls, customs & VAT procedures, payment terms, Incoterms, and much more. Members of the IOE&IT can access the helpline for free.



Electronic customs procedures are also available and accessible after registration with ECA.

### Commercial Invoice

The invoice is to be prepared in English or Arabic and submitted to the customs authorities in duplicate. It also needs to be certified by a chamber of commerce in the country of export.

Even though Ministerial Decree No. 1859 of 2004 states that for EU originating goods a legalisation of the Commercial Invoice by the Egyptian Consulate is no longer required, in trade practice authorities may not always differentiate between the origins. Hence, a legalised document accompanied with the goods may save further efforts. Any indication of the country must make use of its full denomination "Arab Republic of Egypt".

Designated goods require additional details to feature in the Commercial Invoice. Company seal of the exported must be stamped along with the mandatory signature.

### Pro Forma Invoice/ Fatura mabda'iyya

This document is a prerequisite for the Certificate of Conformity, but may also be required by the importer or competent authorities. It usually contains the same information as the final Commercial Invoice, but may be more concise.

### Packing List/ Kashf 'abwa

It is usually prepared by the exporter in English or Arabic and serves as a basis for the customs treatment of goods. It is to be submitted in triplicate.

### Certificate of Non-Preferential Origin/ Shahadat al-mansha'

The certificates are usually issued by the chambers of commerce. It is to be submitted by the exporter in duplicate.

As with a commercial invoice, legislation of the certificate is no longer required by the Egyptian Consulate and in practice authorities may not always differentiate the origins. Again, a legalised document accompanied with the goods may save

further efforts and note that the legislation may be mandatory for designated goods.

### Proof of Preferential Origin

Only required if preferential treatment under a free trade agreement or arrangement is claimed. The Proof of Preferential Origin is to be submitted by the exporter.

### Air Waybill/ Boulisat shahn gawwi

This document is to be prepared by the carrier or his agent. It is usually issued in English. The Air Waybill consists of a set of forms, three of which are originals and the rest are copies.

### Bill of Lading/ Boulisat shahn bahriy

This document is to be prepared by the carrier or his agent as a clean or unclean Bill of Lading. Usually issued in English. Three full sets of the Bill of Lading are usually issued, each containing an original and several copies.

If goods are shipped by sea without a document of title to goods, a Sea Waybill is used instead.

### Insurance Certificate

This certificate is to be prepared by the insurance company of the exporter or the importer. To be issued in English or Arabic. The certificate is to be submitted in the original.

### Delivery Order

This document containing the formal obligation of its issuer to deliver the denominated parts of the shipment to its bearer is required for the customs clearance. It is to be issued by the bearer of the Bill of Lading. The document is usually issued in English and is to be submitted in the original. If issued in a language other than Arabic, English or French, a translation may be required.

### Risk Management

Egypt provides a regularised system for the risk management of goods to be imported. The relevant documents and procedures for each commodity are to be pre-defined by the General Directorate of Risk Management

Systems. The officials at the customs office of entry will determine the relevant channel for the release of goods. The Manifest is one of the most important documents for risk manifest.

Goods to be released for foreign trade participants who meet all compliance criteria for their admittance to AEO services are not subject to the Risk Management classification.

### Commercial Registration/ Qayd fi-l-sigill al-tigari

The document is a prerequisite for the Importer Card, the Single Administrative Document (SAD) and various other procedures. It is required for customs clearance and business establishment. The period of validity is unlimited unless there are changes in the data provided upon registration.

### Importer Card/ Talab al-qayd fi-sigill al-mustawridin

This document proving entry into the registry of importers at the General Organization for Export and Import Control (GOEIC) is a compulsory condition for conducting any kind of import activities and required for customs clearance.

### Tax Registration Card/ Talab tasjil bitaqa daribiyya

This document proving entry into the respective registries of the Egyptian Tax Authority (ETA) is required for customs clearance and business establishment. The registration is to be applied for by the importer at the Ministry of Finance and completed in Arabic. The processing time is a maximum of seven days and there is no processing fee.

The period of validity is unlimited unless there are changes in the data provided upon registration. In the latter case, the ETA is to be notified within 21 days of the modification.



## Economic overview

### Geography

The Arab Republic of Egypt is a large country, over a million km<sup>2</sup> situated in the northeast corner of the continent of Africa. It has a strategic geographical location in the heart of the Middle East and North Africa (MENA) region with sea ports scattered over the Mediterranean, Red Sea and Suez Canal, making it a hub for international trade between Europe, the Middle East, Africa and the Far East.

### General overview

Egypt is highly import-dependent and is likely to remain so for the foreseeable future. Over the last 15 years it has been undergoing a transformation into a market-orientated economy.

In 2017 it had an annual Gross Domestic Product (GDP) per capita of US \$2,500, putting it in the top three economies in Africa.

Egypt remains an attractive market

that offers significant business opportunities. Its economy is among the most diversified in the MENA region and its geographic location is hard to beat.

[Source – DIT/gov.uk]

### Major economic projects

- **Suez Canal Economic Zone** - The Suez Canal Economic Zone (SCZone) is a world-class free zone and trade hub along the banks of the newly-expanded Suez Canal. Strategically located on the main trade route between Europe and Asia, more than 8% of global trade passes through every year.

- **The Capital Cairo** - The Capital Cairo is Egypt's new administrative city situated along the corridor between Cairo and the Red Sea, providing linkages to significant shipping routes. The master plan is to create a global city with smart infrastructure for Egypt's future.

[Source – Egyptian-British Chamber of Commerce]

### Sector-specific opportunities

- **Defence sector** – Egypt has over 1.3 million military personnel, the largest military power in Africa and one of the leading forces worldwide.
- **Education and training sector** – Education is a high priority for the Egyptian Government, which is spending 12% of its budget on the sector. Reform is required at all levels.

### MARKET EXPERTS





- **Infrastructure sector** – Construction remains one of the most important contributors to the domestic economy. Transport is one of the current priority areas for development for the Egyptian Government, which is looking to roll out an era of mega-projects.
- **Life sciences sector** – The healthcare and pharmaceuticals sector is a growing sector in Egypt, and represents one of the key markets for medical devices in the MENA region.
- **Oil and gas sector** – The oil and gas sector represents a massive opportunity for UK PLC. Egypt is implementing an ambitious modernisation programme to turn the sector around and return to net export status by 2020.

- **Power sector** – Egypt possesses an abundance of land, sunny weather and high wind speeds, making it a prime location for renewable energy sources.
- **Retail sector** – The government is looking to develop an efficient retail environment, supporting various sectors of the growing economy.

[Source – DIT]

#### **Business etiquette, language & culture**

Egypt is a Muslim country. You should respect and be aware of local traditions and sensitivities and always behave and dress modestly.

Arabic is the most commonly-spoken language. Almost all official

documents, forms, laws and decrees are in Arabic.

Personal relationships are key to doing business in Egypt. UK exporters are encouraged to have a face-to-face business dialogue with their Egyptian counterparts.

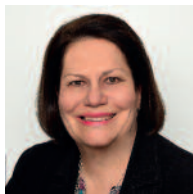


For more information go to the Doing Business in Egypt Guide website at: [www.Egypt.doingbusinessguide.co.uk](http://www.Egypt.doingbusinessguide.co.uk) or to request a copy of the guide email: [institute@export.org.uk](mailto:institute@export.org.uk)

## International Focus

# The changing customs landscape in South Africa

We talk to Rose Blatch, the Executive Director of the International Trade Institute of Southern Africa NPC (ITRISA).



**Rose Blatch**  
Executive Director of the  
International Trade Institute  
of Southern Africa NPC  
(ITRISA)

**How do businesses in South Africa generally go about dealing with customs compliance requirements? How different will this be in comparison to their UK/EU counterparts?**

For businesses the norm here is to use what we refer to as a clearing agent, which is similar to a customs broker. We have a very active forwarding and clearing sector, but the legislation is undergoing a lot of change as we look to modernise and harmonise to global standards.

The UK is further down the line than we are in terms of modernising customs procedures, but in South Africa, 'customs modernisation' is beginning to accelerate. For example, an AEO system, which was supposed to be introduced in 2022, may now be coming into effect next year.

We've got two significant new customs acts, the Customs Duty Act and the Customs Control Act,

that are to be implemented in stages - they have been ratified by parliament, but implementation has been delayed because of objections from industry. For example, one of the changes proposed in the drafting of the acts was to remove the existing customs clearance facilities at inland ports, e.g. City Deep (on the outskirts of Johannesburg). As these facilities have done much to ease congestion at our very busy port of Durban, arguments about whether or not it is wise to return customs checks to ports of entry have been ongoing.

There have also been a lot of questions about the new reporting system for conveyances and goods (the RCG). This new system for goods declaration processing affects all cargo carriers as they are now required to report back to Customs digitally before the loading of goods in the country of export. This is to ensure the availability of information in South Africa long before the goods actually arrive here, enabling the identification of risk and a more efficient clearance process at the time of entry. However, it requires all the carriers to be compliant and able to report information electronically, which currently is not the case.

Another problem has been the delays in the clearance of incoming goods arising from disputes over product classification.

We're very much in the process of change rather than operating smoothly.

**We're about to undergo significant change in our customs procedures with Brexit and there's lots of talk about delays at ports meaning losses for businesses. What advice would you give to UK businesses ahead of these potential changes?**

The communications system between customs and industry is key - people need to stay abreast of what customs authorities are thinking. In South Africa, customs forms part of SARS (the South African Revenue Service) and that whole system is currently under review because of underperforming tax collection. The President has recently axed the SARS Commissioner following a judicial enquiry into possible corruption.

So, Customs at present are in a tricky position, with much lost ground to recover. The emphasis has been on the control rather than facilitation of trade because a great deal of money has been lost in illicit trade and breaches of compliance. The focus is very much on tax collection to close the gap between budgeted revenue and recent downward projections on what is likely to be collected in the current fiscal year.

The UK should be in for a much smoother ride because you're a well-established trading nation, but I would like to reiterate that communication is key. Any proposed new regulatory requirements need to be passed through the people they're going to affect before they are enacted, i.e. there needs to be collaboration between



customs and industry in finalising the new processes and procedures that will come out of Brexit. If this does not happen, you could end up in a situation like ours where there's a lot of non-compliance and law enforcement is proving difficult.

**When new regulations come in, is there always a phase of control before facilitation?**

Part of the problem here is that not everyone is into automated technology and the whole customs modernisation process is shaped by this. The changes coming in are all about processing information prior to the actual importation of goods.

This change in how information is processed allows for the pre-assessment of risk and ensures that no client experiences the same customs official twice in order to prevent untoward relationships from developing. The AEO facility really could make a difference because those businesses that are not involved in illicit trade will have a smoother ride, whereas currently everyone is under suspicion of non-compliance.

The UK will most likely not have this problem because you don't have our history. Your companies, in particular your smaller businesses, are also in a better position to make a transition because they are already familiar with the technology involved.

Our carriers and forwarding and clearing companies are at the forefront of the modernisation process and they've been preparing their personnel, so hopefully they will be able to weather the changes and adapt quickly. ■



# The Dangerous Goods Regulations



**Alan Walsh**  
Compliance Engineer  
Renishaw plc

The increase in popularity of electronic devices powered by lithium batteries has raised public awareness of the dangerous goods regulations, whether it is a checklist at the post office, notifications during online flight check-in or the notices displayed at airport security. Lithium batteries, aerosols, adhesives, metal powders and flammable liquids are among the most commonly shipped dangerous goods.

Each mode of transport has a dedicated set of dangerous goods regulations – road, rail, inland waterway, sea and air. While 90% of international freight is carried by sea, shippers who transport dangerous goods in bulk are familiar with the International Maritime Danger-

ous Goods Code as an integral part of their shipping operations. As lead times come under pressure, it is the IATA (International Air Transport Association) dangerous goods regulations which impact many small and medium shippers, as we will now discuss.

## Training and Shipping Information

All fully regulated shipments require a shipper's declaration for dangerous goods to be presented to the courier alongside the commercial and export control documentation. However, the requirements for shipping smaller quantities often require more attention. The IATA dangerous goods regulations require those preparing dangerous goods for shipment by air to attend an approved training course. Whilst these training requirements only apply to shippers, packers and those handling dangerous goods, ensuring compliance involves more business functions than we may initially expect.

For manufacturers of materials and articles classified as dangerous goods, the process begins with classifying the item. This can require a variety of tests to determine the properties of the material. In addition, the manufacturer must produce a safety data sheet (SDS) for substances

and mixtures. Although SDSs are not legally required for finished articles such as batteries, many manufacturers provide transport information in a similar format. Distributors of such items must ensure all the documentation required for transportation, such as SDSs and test reports, is sourced from the manufacturer through effective supply chain management. The rebranding of raw materials requires the creation of a new SDS by the producer, which will involve verifying the tests conducted by the original manufacturer.

## Product design, packaging and shipping

Shipping processes are not always associated with product design and marketing strategy activities. However, decisions made during this phase of the product lifecycle can impact the costs and ease of distribution, particularly if the product is powered by lithium cells or batteries. If proprietary cells are purchased to integrate into a custom designed battery pack, the new battery pack will require independent testing before it can be transported. In addition, businesses need to ensure that their battery packs and battery powered products comply with ►

any territory-specific electrical safety certifications before they can be placed on the market in many countries.

The regulations also need to be considered during the design change process. Changes to the batteries used in the product, the adhesive used for installation or the accessories supplied can all have an impact on shipping operations. Once the relevant products are identified as dangerous goods with the appropriate UN code classification in IT systems, this indicator can be used to drive regulatory approval of design changes to the product or its packaging.

#### Systematic shipping of dangerous goods

While those making occasional shipments can follow the packing instruction within the regulations for each shipment, a manual approach isn't a practical proposition for routine shipments. Using IT systems to print dangerous goods text against part numbers on warehouse orders ensures shippers check the package is prepared correctly and that the correct text is communicated to the courier on the shipping documentation.

Within the IATA dangerous goods

regulations there are state (country) and operator (airline) variations in addition to the core regulations. Intelligent business systems can allow for state variations, so that destination specific requirements can be accommodated in the same way as for the Export Control regulations. However, the system data requires verification when the regulations are updated each January, because new variations may be introduced.

#### Working with the courier

The shipper will require an agreement with the courier to transport each class of dangerous goods that they wish to ship. The courier may choose to audit the shipper's despatch facility to ensure they are applying processes that demonstrate due diligence. It is common practice for the shipper to integrate their despatch processes with the business systems used by the courier to ensure the effective communication of dangerous goods information. For example, some couriers require dangerous goods notes to be placed under the barcode label on shipping labels for easy reference.

Collaboration between couriers and shippers reduces any delays caused by operator (airline)

variations. These variations are used to communicate the specific requirements of individual airlines in addition to the core regulations. In some regions the requirements for supporting documentation are more stringent than those in the IATA dangerous goods regulations and the regulations for transporting by road may be different, so good communication with local distribution hubs is essential.

#### Concluding remarks

As more companies strive to access international markets through e-commerce, they may find that an understanding of the dangerous goods regulations and the integration of the requirements into their operations becomes increasingly relevant. Annual changes to the IATA dangerous goods regulations may impact shipping operations based on content or destination, so ongoing vigilance of the regulations in addition to the packages being shipped is of the utmost importance. ■

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Services in Trade

# Measuring services trade matters

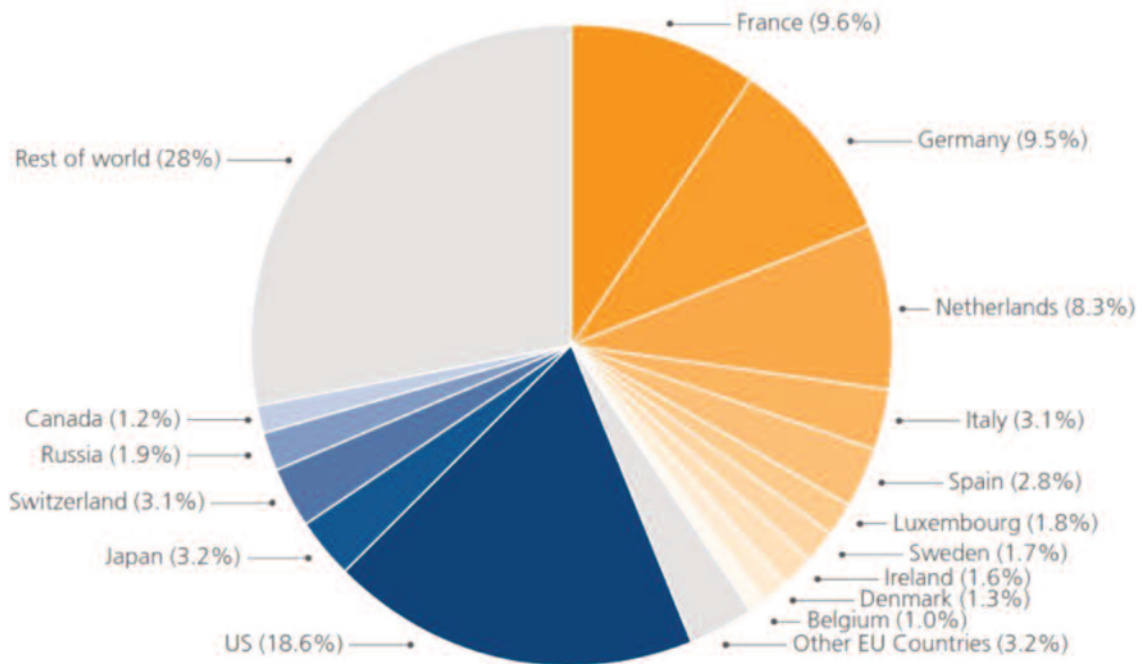


**Anjalika Bardalai**  
Chief Economist, TheCityUK

Amid heightened debate about the UK’s place in a rapidly rebalancing world, the UK remains one of the world’s leading international financial and related professional services centres.

Our final economic research report of this year, the 2018 edition of our annual ‘International Key Facts’ report<sup>1</sup>, found that the UK’s financial services trade surplus was more than £60bn.<sup>2</sup> This trade is quite geographically concentrated, with the EU and the US accounting for more than 60% of the industry’s trade surplus:

UK financial services net exports by major countries, % of world, 2017  
TheCityUK’s calculations based on ONS data



Because the UK’s financial services imports are so small, looking at the exports alone would present a similar picture. Just three countries accounted for 50% of all UK financial services imports: the US (which exported £5bn worth of financial services to the UK), Japan (£2.1bn) and Germany (£1.6bn).

The annual data presented in the

ONS’s Pink Book are a useful snapshot, but more timely data can provide a more detailed picture. Until very recently, however, the quarterly data on the UK’s trade in services didn’t allow us to look at financial services because they were based on the International Trade in Services survey – and this survey excluded the category ‘banking and other financial institu-

tions’ along with other important services sectors like travel, transport and higher education, among others.

But more recent quarterly data represent a major improvement. For the first time, the statistics now cover the UK’s entire services economy, covering 31 different types of services. In October 2018, the new and improved data ►

release showed that the financial services trade surplus was £16.7bn in April-June 2018, up 8.4% from the same quarter the previous year. The latest data show that the surplus was £15bn in July-September 2018, an increase of 5.2% from July-September 2017. Financial services exports contributed 27.5% of total services exports in Q3 2018.

The new data have been published as part of the ONS's broader trade development plan, which has evolved because "the demand for improved and more detailed UK trade statistics has increased significantly since the EU referendum."<sup>3</sup> Further developments are in the pipeline, including further analysis on trade asymmetries and additional detail on modes of supply of services.

This latter area is of particular interest given the extent to which it is likely to affect how services trade is recorded. "Modes" refers to the World Trade Organisation's (WTO's) Modes of Supply, which describe four different types of trade in services. These are summarised here:

Mode	Definition	Examples
1. Cross-border supply	Services supplied from one country to another	International telephone calls, or banking services supplied over the internet
2. Consumption abroad	Consumers and firms making use of services in another country	Tourism or education
3. Commercial presence	Firms setting up branches or subsidiaries abroad in order to serve the local market	Hotel chains or foreign banks setting up subsidiaries
4. Presence of natural persons	People travelling to another country in order to provide a service there	Consultants

Categories of services sector trade

This simple summary most likely goes quite a long way towards explaining why services features to such a limited extent in the collective consciousness of trade – because services trade is much less easy to picture than the idea of selling UK food products into overseas markets, for example, or buying a luxury garment imported from another country.

The table also helps explain why services trade is so difficult to measure. The WTO is clear that its Modes of Supply for services are "significantly broader than the balance of payments concept of services trade."<sup>4</sup> In other words, some activity within the four modes would certainly be classified as trade in the balance-of-payments

(BOP) framework – but other activity would be classified as income, which is another component of the BOP.

For example, imagine a UK bank established a local presence in Country X to serve customers in that country. If the local operation remained a UK entity (e.g. a branch or representative office of a UK group), its revenue in Country X would be considered a UK financial service export. If, however, it became resident of Country X as, say, a locally incorporated subsidiary, then its revenue there would be considered investment income. This means that what is captured in a country's trade statistics (the UK's £78bn of financial services exports, for example) almost certainly excludes some activity that would be captured under GATS Mode 3.

But such activity isn't unrecorded – it just shows up elsewhere in the BOP.

How much does this matter? Services trade is still a fraction of goods trade – in the UK, for example, services exports and imports totalled £443bn in 2017, compared with total merchandise trade of £815bn (though even this may be misleading, for instance by not identifying services embedded in goods). A more detailed understanding of how the aggregates break down – in terms of types of transactions, types of business (e.g. wholesale or retail), and sub-sectors within broader categories like "financial services", would enhance economists' and policymakers' understanding of this complex but increasingly important part of the global economy. ■

<sup>1</sup> <https://www.thecityuk.com/assets/2018/Reports-PDF/94053cfc7b/Key-facts-about-the-UK-as-an-international-financial-centre-2018.pdf>  
<sup>2</sup> The trade surplus data in our recent report were sourced from UNCTAD, to facilitate international comparisons; the trade surplus figure is slightly different from that reported by the Office for National Statistics (ONS). But this article makes use of ONS data. The trade surplus comprises £78bn worth of industry exports and £17bn of imports, according to ONS data.  
<sup>3</sup> Office for National Statistics, 'UK trade statistics transformation: achievements and forward look, October 2018'  
<sup>4</sup> [https://www.wto.org/english/tratop\\_e/serv\\_e/cbt\\_course\\_e/c1s3p1\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/cbt_course_e/c1s3p1_e.htm)



# Big Data and **Demand Planning**



**Eric Wilson**  
Thought Leader  
at the Institute of Business  
Forecasting

## What is demand planning and why is it important to exporters?

Demand planning is the process of using forecasts to highlight opportunities and threats to your business. It tells us what the likely sales of a product are and which markets or channels of distribution are likely to expand or contract. Understanding what sales we will make in the future, what volume and where it may occur not only helps exporters plan their resources more efficiently, but also adds visibility to potential risks and opportunities.

## How does demand planning benefit a company?

Many people think of demand planning as 'how many of something we will sell next week. That is part of it, but the real benefits lie in

identifying the likelihood of a future outcome, having comparative information using analytics, and making data-driven business decisions. For Executive Leadership it's about long-term planning; for Finance and Accounting it's about budgets and cost control; for Marketing it's about understanding consumer behavior and life cycle management; and for Logistics it is about resource planning and cost optimisation.

## Given how valuable demand planning is, why do so many companies operate without it?

I would say that companies do not operate without it. Often, the problem is not that they do not have demand planning, rather every function is doing their own version of it and operating off their own version of what the future may look like. Formalising and developing a structured demand planning function or capability allows everyone to operate according to the same version of the truth. That provides an enormous competitive advantage.

## We now live in the age of Big Data. What does that mean for exporters?

Instead of just streams of data, we now have an ocean of data available to us. This presents a significant upside for exporters who rely on many moving parts moving together. We can use Big Data to

identify inefficiencies in supply chain and logistics like bottlenecks and external and internal disruptions to both supply and demand. In short, it provides visibility into specific areas of a business, and when we have visibility, we can take specific actions to improve it.

## What are the main challenges in implementing effective demand planning?

As with anything, it generally comes down to people, process, and technology. Technology is becoming increasingly affordable and more user friendly. With training and education from organisations like the Institute of Business Forecasting (IBF), you can learn and adapt best practices and processes. Despite the advancements in technology with AI and machine learning now being adopted by Demand Planners, the biggest challenge is the people element. There's a growing demand for talent and a shrinking workforce, and a challenge in getting companies on board with the new data-driven, analytics powered approach to demand planning.

## Volatility and uncertainty are now the norm for exporters, what is the reason behind this?

Volatility and uncertainty are not only the norm for exporters but for business in general. Life cycles and the lifespan of products are ►



getting shorter and shorter. Customisation and the number of different items is increasing. Lead times to the consumers are going from days to hours, and focus on the final mile is even greater, adding yet more uncertainty. The ever-increasing globalisation of the economy only means more complexity.

**What steps can a company take to create reliable forecasts?**

There are many things that go into a reliable forecast and lots of ways to answer this question. This is where organisations such as the Institute of Business Forecasting (IBF) help with establishing principles and best practices that go into effective forecasting, from data gathering and modeling to communicating the forecast to key stakeholders and tracking forecast performance.

**For companies looking to implement forecasting and planning, which department should take the lead?**

There is no one answer to this question, and we have seen good forecasting functions within Operations, Supply Chain, Finance and even Sales. Research from the IBF shows that the best forecast accu-

racy comes from an independent function. If you are just getting started, I recommend that wherever the greatest advocate for demand planning inside the organisation resides is the best place to start.

**There's a lot of talk about predictive analytics and how it can identify risks and opportunities. Is the hype real?**

Predictive analytics is far from hype and is becoming a necessity for business planning. If supply chains want to become more agile and survive in the fast-paced omnichannel world, predictive analytics is a must. When done right, it means we can react fast enough to keep up with consumer demand by identifying threats and opportunities before they happen.

**What insights does predictive analytics provide?**

Predictive analytics is currently being utilised to help identify potential maintenance to avoid downtime or failures, and to maximise inbound and outbound logistics by identifying current and even future bottlenecks. The main thing predictive analytics does, however, is to help answer ques-

tions about what will or might occur. You can collect data on almost anything now and make inferences about your particular product. With these insights you can empower advanced decision-making.

**How does predictive analytics go beyond statistical forecasting?**

Traditional forecasting uses only history to try to predict the future – predictive analytics may use that along with Big Data and other variables to predict what, and crucially, why something will occur. Predictive analytics generally does a better job at forecasting.

**What kind of skills should we look for when hiring demand planners and forecasters?**

Ideally, you want somebody with complex analytics skills, understands business and processes, and is able to communicate effectively to all stakeholders. But these people are extremely rare. Instead of looking for the person that can do it all, I look for people with some of those skills along with the most important ingredient - learning agility. ■

This interview was conducted by Andrew Scuoler, Managing Editor at the Institute of Business Forecasting

# Terms and Conditions: the Secret Ingredient to Success in International Trade

Embarking on international trade offers abundant opportunities and challenges for businesses. This is especially so for the current environment, where developments such as Brexit will present a unique set of pitfalls for trade.



**Elizabeth Ward**  
Founder and principal  
of Virtuoso Legal



**Gemma Wilson**  
Trainee solicitor  
Virtuoso Legal



**Dr. Martin Douglas Hendry**  
Digital marketing manager  
Virtuoso Legal

Depending on your knowledge of them, new markets can be rife with unknown quantities such as what the local legislation requires and what hoops need to be cleared to have goods and services accepted into a new market. Whether it is building new relationships, dealing with local customs agents or local traders, the legal aspects of international trade cannot be overstated. As always, preparation is central to success and a comprehensive set of terms upon which you trade can be the key to successfully traversing such unknowns.

## The Secret to Success

### Do Business Your Way

A steady ship is always the preference. A good set of terms and conditions of business allow you to establish with any and all contracted parties how business will

be undertaken between you.

A finely considered set of T&Cs will allow you to determine from the outset of any agreement exactly how business between the parties is going to be conducted.

If you view T&Cs as merely a formality, or a standard template and of no particular value, then you may find yourself having to comply with less than favourable terms.

### Ensuring you get paid

The biggest fear for traders internationally is that of not being paid, or only being part-paid, or goods and services being rejected and then not receiving payment.

A good set of terms will set out precisely how payment is to arise. For example, as above, it can determine that goods and services are

part-paid for upfront by the buyer. This reduces risk for a producer who is manufacturing specific goods for sales overseas as the manufacturing costs are at least covered by the upfront payment.

Your terms should cover all aspects of payment such as whether irrevocable letters of credit are required, what percentage deposit is required, and what triggers the release of any balance of payment. Other important terms would include things such as who checks the goods on arrival and what sign off procedures there are.

### Limiting Liability

Terms and conditions function as an important declaration of whom is responsible for what; and, crucially, who is liable legally (and financially) should negative outcomes arise. ►



By way of example, if goods arrive at a destination and part of them are spoilt, the terms should cover things such as who checks the state of the goods, and how missing or spoilt items are accounted for. If half the shipment is missing, who will claim on the insurance or alternatively if goods have to go into storage at the port, who will pay for such storage.

Well drafted terms and conditions should also allow you to establish the legal jurisdiction in which any legal proceedings (by either party) should be commenced or ensure that the same is resolved through alternative dispute resolution (ADR). In each case, clauses such as these can allow you to avoid the cost and confusion of defending in foreign courts.

Terms and conditions as we refer to them here can be and frequently are incorporated into contracts such as distribution agreements or manufacturing agreements. The way we normally work with clients is to walk them through a set of heads of terms to create a wish list of important issues. These can then be used to negotiate an agreement or alternatively used to draft a bespoke set of terms to use.

#### Winning the "Battle of the Forms"

Every business worth dealing with has a set of terms and conditions. This can lead to conflict as a buyer tries to impose their set of T&Cs over and above the sellers. This is



often referred to as a "battle of the forms".

Whilst it seems terse to seek it, an advantage can be achieved over a business partner by ensuring that your T&Cs are more comprehensive than those of the other side, and do not include onerous clauses or overly complicated legal jargon. If drafted by an expert with this in mind, you may ensure that arrangements are entered into under your terms and conditions. This not only establishes transparency, fairness and uniformity but confirms to your new business partner that you are a trading force to be taken seriously. This creates a proactive stance for your business within any new commercial relationship – allowing you to operate your business and engage with your partner in accordance with familiar terms.

#### Conclusion

Ultimately, a well drafted set of terms and conditions is a business-critical document. Terms that are bespoke and reflect how you trade

can be a major investment in reducing the risk of financial and legal exposure and loss.

As a general consideration, if you are exporting goods over the value of £20,000 at any one time or to any one customer, you should be investing in a fully compliant and tailored set of terms.

These, of course, can be used multiple times and in more than one country for export, making the investment of a few thousand pounds to create them moot compared to the risk they will protect you from.

Prevention is better than cure any day of the week – and the losses aren't just financial. An international trade dispute will cost you and your management team countless sleepless nights, travel and lost time growing in overseas market.

Remember: think carefully through the issues first and then consult an expert in international trade agreements. ■

**Elizabeth Ward** - Elizabeth Ward is the founder and principal of Virtuoso Legal the UK's leading intellectual property specialist law firm. Liz founded the firm in 2007 and has overseen its growth into a world-wide force in IP commercialisation and litigation.

**Gemma Wilson** - Gemma is a trainee solicitor who works alongside vice-principal Kirsten Toft in the firm's commercialisation department - tailoring and drafting agreements for Virtuoso Legal's clients base.

**Dr. Martin Douglas Hendry** - Martin is Virtuoso Legal's digital marketing manager. He has a background in design, and closely reviews and researches the latest issues in IP to identify the important themes for the firm's clients.

# New international T&Cs launched to help UK businesses export confidently and successfully

Too many businesses are entering international trade without proper contracts and are therefore taking unnecessary and potentially costly risks.

Slow payments, legal issues, dashed expectations and disenchantment with the exporting process are a result of businesses foregoing the need to establish terms and conditions specific to their international situation.

Many businesses pursue alternative routes to dispute resolution to avoid needless litigation, but given English law has a tendency to fuel disputes by omitting the options of mediation and arbitration, these approaches are damaging UK businesses' long-term relationships with international customers and partners.

The Institute of Export & International Trade – following consultation with its members, government, banks and financial institutions – is delighted to launch four new international T&C templates to allow businesses to export confidently, safe in the knowledge that they have a legal framework specific to their international needs.

**John Mahon, Director General for Exports in the Department for International Trade said:**

“A crucial part of exporting is having the legal frameworks in place that allow businesses to trade confidently. I’m delighted that the Institute of Export & International Trade has launched these templates as part of a package of solutions on offer to help businesses export.

“I urge all UK companies that are currently selling overseas without proper contracts in place to take a look at these templates and implement the right one for them. Through our Export Strategy, DIT has set out an offer for all businesses to ensure they are able to make the most of the global opportunities this presents.”

**Lesley Batchelor, Director General of the Institute of Export & International Trade, said:** “We can’t change the culture of business overnight, but I believe that by offering template International T&Cs for SMEs, relevant to the different styles of business they operate in, we can begin to protect them from some of this risks of international trade, enabling them to export successfully and sensibly.”

**Elizabeth Ward, Principal of Virtuoso Legal, who worked on the templates with the Institute, said:** “A finely considered set of T&Cs allows a business to determine from the outset of any agreement exactly how business between the parties is going to be conducted. They provide clarity on: the agreed processes for getting paid, where liability lies, and what happens when disagreements arise.

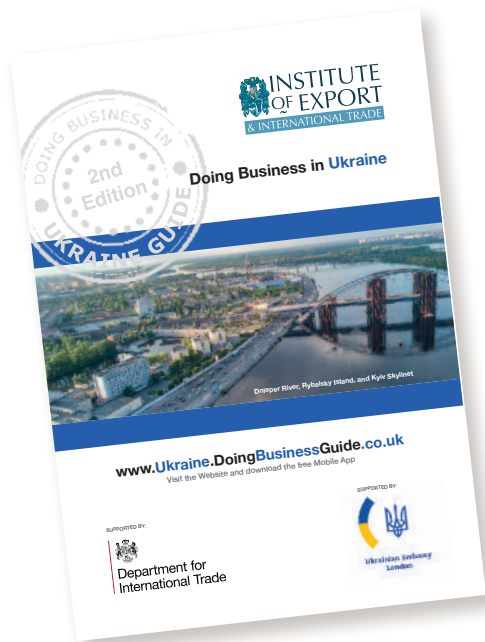
“These templates are a great start for businesses, helping to give them a basis upon which they can export confidently.”

## Covering four types of export

The international T&C templates will be available to business members of the Institute of Export & International Trade. They will cover four uses:

- Distance (non-online) consumer goods services and digital content terms and conditions
- Online business and consumer goods services
- Terms and conditions for the supply of goods
- Terms and conditions for the supply of services

Each of the templates also include Anti-Slavery and Bribery Act clauses, allowing businesses to trade with peace of mind. ■



## Ukraine overview

The UK is the fourth largest investor in Ukraine, after Cyprus, Netherlands and Russia (as of 2017). There are over 150 well-established UK companies in Ukraine, with many more brands present. Major UK companies in the market include BP, Shell, GSK, AstraZeneca, BAT, Imperial Tobacco, Mott MacDonald, Crown Agents, Next, and Marks & Spencer.

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Ukraine has significant economic potential as a result of its strategic location connecting Europe, Russia and Asian markets, a well-educated labour force, its large domestic market, and access to a variety of resources, including some of Europe's best agricultural land, significant coal and some oil and gas reserves.

Despite the current difficult political and economic climate, Ukraine continues to offer opportunities in a broad range of sectors. Many of these involve co-operation with Ukrainian companies and authorities, and require Western financial investment.

Ukraine is a large country, and different regions will have different industry clusters. Good local research is needed and you should consider regional plans and market-entry requirements using both desk research and market visits. Talking to other people in your industry and regularly visiting Ukraine will give you access to the most-current advice and such experience can often lead to new insights and form the basis for further research.





## Judith Gough CMG, Her Majesty's Ambassador to Ukraine



The IOE&IT is working with the British Government to help companies find new business opportunities globally and we look forward to helping you navigate the Ukrainian market successfully.

Ukraine has been designated one of the priority markets for the UK Government after we leave the European Union, reflecting its strategic importance in UK foreign policy and position as the largest emerging market in Europe. Despite the impact of Russia's illegal annexation of Crimea and the conflict in the east of the country, the Ukrainian economy shows encouraging signs of recovery. The country has a strong base of natural resources including oil and gas, coal and potential for renewable energy. There is a broad, if ageing, industrial base which includes much of the former USSR's space and rocket

industry and a well-developed defence and security industry. The deterioration in relations with Russia means that Ukraine is now looking to replace Russian systems and components with Western technology, opening up commercial opportunities for the UK. The nuclear sector is another area of importance, offering a valuable and long-term market. Meanwhile, Ukraine ranks among the leading agricultural producers worldwide and there are ambitious plans to develop this sector. The full potential will only be realised through modernisation and innovation in machinery, storage and processing facilities, again providing excellent prospects for UK technology and expertise. Ukraine also offers a highly educated and capable workforce, particularly in the IT sector, which continues to grow.

Please get in touch and ask how we can help.

Judith Gough CMG  
Her Majesty's Ambassador to Ukraine  
[Commercial.Kyiv@fco.gov.uk](mailto:Commercial.Kyiv@fco.gov.uk)



**British Embassy**  
Kyiv

## Advice from our Technical Helpline

The Institute of Export & International Trade's 'Export Helpline' provides help for any international trade query, including documentation, export controls, customs & VAT procedures, payment terms, Incoterms, and much more. Members of the IOE&IT can access the helpline for free.



### While exporting to Ukraine the following general requirements apply

#### Customs Import Declaration/Mytna Deklaratsiya

This is the official form for the customs clearance of the goods and is required for customs clearance if the value of the goods is above 150 EUR.

The Customs Import Declaration is to be completed by the importer or his authorised representative in Ukrainian. Usually to be submitted to the customs office of entry in the original along with three copies and an electronic version within 10 days after the arrival of the goods. The declaration may also be submitted electronically via the Unified Automated Information System.

#### Declaration of Dutiable Value/ Deklaratsiya mytynoi vartosti (DMV)

The declaration is required for customs clearance if the value of the goods is above 5,000 EUR. To be completed by the importer or authorised customs broker in Ukrainian.

The declaration is to be submitted in the original. An electronic version must also be provided. A second copy, bearing the official mark of the customs office of entry, may be submitted which will be returned to the importer.

There are two types of declarations that are to be applied depending on the method to establish the customs value of goods, which DMV-1 and DMV-2

#### Commercial Invoice/ Rahunok-faktura

This invoice may be required for customs clearance as a document confirming the value of the imported goods. To be submitted in duplicate.

It may be prepared in any language, but it is recommendable to prepare the document in English. A translation into Ukrainian may be required. The importer may present other documents which confirm the declared value of the goods to be imported instead of, or in addition to, the Commercial Invoice.

If a Certificate of Non-Preferential Origin

is not submitted, the Commercial Invoice is to bear the seal of the foreign manufacturer or the exporter

#### Pro Forma Invoice/Rahunok-proforma

The Pro Forma Invoice usually contains the same information as the final Commercial Invoice, but may be more concise. Additional details made known only in the course of the shipment or after accomplishing certain application procedures will be included in the Commercial Invoice. No specific form is required.

#### Packing List/Pakuvalnyi List

The Packing List is to be prepared by the exporter in English, however, translation into Ukrainian or Russian may also be required.

To be submitted in triplicate.

#### Certificate of Non-Preferential Origin/ Sertyfikat pohodženni

The certificate is to be submitted in duplicate by the exporter.

It is required for various types of goods such as raw cane sugar, ethyl alcohol, alcoholic beverages and tobacco products or if the Commercial Invoice has not been sealed by the manufacturer or exporter. It may also be required if specifically requested by the importer or the authorities.

#### Proof of Preferential Origin

The Proof of Preferential Origin is only required if preferential treatment under a free trade agreement or arrangement is claimed. It is to be submitted by the exporter.

A Proof of Preferential Origin may replace a Certificate of Non-Preferential Origin, subject to acceptance by the customs authorities in the country of import.

#### Air Waybill/ Aviacijna vantažna nakladna

It is to be prepared by the carrier or his agent. Usually issued in English. The Air Waybill consists of a set of forms, three of which are originals and the rest are copies.

#### Bill of Lading/ Konosament

It is to be prepared by the carrier or his agent as a clean or unclean Bill of Lading. Usually issued in English.

Three full sets of the Bill of Lading are usually issued, each containing an original and several copies.

#### Rail Waybill Conforming to Both COTIF and SMGS Agreements/ Nakladna CIM/SMGS

This document is required for customs clearance and is to be prepared by the carrier or his agent. It is to be submitted in six copies.

The descriptions of the boxes on the consignment note will be in Russian or in English, French or German. The language used for information entered in to the note itself depends on the purpose of the information and who is to use it.

Ukraine is a member of the SMGS convention. Thus, depending on the place of dispatch, the SMGS Rail Waybill will be used instead of the common consignment note if the transport route does not pass member states of the CIM convention.

#### Waybill/ Avtomobil'na nakladna

This document is required for customs clearance and is to be prepared by the carrier or his agent. It is to be submitted in quadruplicate and signed by the consignor and the carrier.

Usually issued in bilingual or multilingual form. It is advisable to use a version containing all relevant information in English, or to enclose a translation into English. Usually, one Waybill covers the goods loaded in each vehicle.

#### Commercial Registration

This is a document confirming that a company intending to conduct business activities in Ukraine is registered with the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations. It is required for company establishment and market access. The application is to be completed in Ukrainian. To be submitted in duplicate.



# Economic overview

## Geography

With an area of 603,628 km<sup>2</sup> and a coastline of almost 2,800 km on the Black Sea to the south, the eastern European country of Ukraine is the largest country wholly in Europe. It shares a border with Belarus, Hungary, Moldova, Poland, Romania, Russia and Slovakia.

## General overview

Ukraine has a broad (if ageing) industrial base which is strong in ferrous metals and chemicals. This includes much of the former Union of Soviet Socialist Republic's (USSR) space and rocket industry and a

well-developed defence and security sector.

The EU accounts for about 40% of Ukraine's trade, while CIS countries account for about 20%. Ukraine has a major ferrous metal industry,

producing cast iron, steel and steel pipe, and its chemical industry produces coke, mineral fertilisers, and sulphuric acid.

[Source – EU accounts 2017, Ukrainian Embassy London]

## Benefits of Ukraine market for UK businesses

Benefits for UK businesses exporting to Ukraine include:

- large developed consumer market
- £500 million+ market for UK exports
- six cities with a population of at least 1 million
- starting to harmonise with European Union (EU) regulations
- free trade agreement signed with the EU
- strategic location at the crossroads of European, Russian and Asian markets

[Source – DIT/gov.uk]

## Sector-specific opportunities

- **Agriculture sector** – Agriculture is the lead export sector in Ukraine. There are a number of UK companies already operating in

this market and it offers a wide range of opportunities.

- **Education sector** – Ukrainian Government reforms include pilot projects on enhanced use

of modern information and communications technology (ICT) for education. There is also an increased focus on the quality of English language training.

## MARKET EXPERTS





- **Energy sector** – Ukraine has a broad base of natural resources including oil and gas, coal and renewables potential.
- **Infrastructure sector** – Opportunities in the infrastructure sector are linked to donor financing. The EBRD has channelled funds into the infrastructure sector with investment in road rehabilitation projects, municipal utilities as well as port improvements.
- **Retail/luxury goods/e-commerce sector** - Many British retail brands are already present in Ukraine and there is potential for more. Ukraine's well-developed delivery networks and the EUR 150 duty-free import allowance for individual customers opens up new opportunities for e-commerce exports.

- **Security and defence sector** – There are opportunities for UK companies to supply a range of non-lethal defence products. There is also potential business in supplying cyber security.

[Source – DIT/gov.uk]

#### Business etiquette, language & culture

Ukrainian is the national language in the whole of the country, although Russian is widespread. Knowledge of English varies and generally depends on the generation and industry.

For initial correspondence we recommend writing in Ukrainian or in Russian to ensure a higher response rate. Sending thank you letters or acknowledging nil interest is not common, therefore please do not be discouraged but pursue your enquiry.

Personal contacts are extremely important and if after initial correspondence, you feel that your partner is interested, we highly recommend a visit to the market. Any important issues should be discussed face-to-face.

Ukrainians are hospitable and business meetings/negotiations can be quite extended. There is also a chance that natural hospitality overshadows the overall business purpose.



For more information go to the Doing Business in Ukraine Guide website at: [www.Ukraine.doingbusinessguide.co.uk](http://www.Ukraine.doingbusinessguide.co.uk) or to request a copy of the guide email: [institute@export.org.uk](mailto:institute@export.org.uk)

# Quick facts

- **Location:** Eastern Europe, bordering the Black Sea, between Poland, Romania, and Moldova in the west and Russia in the east
- **Area:** 603,628 km<sup>2</sup>
- **Population:** 44.8 million (World Bank 2017)
- **Urban population:** 69.9%
- **Capital city:** Kyiv
- **GDP per capita:** US \$2,639 (World Bank 2017)
- **Languages:** Ukrainian (official) 67.5%, Russian (regional language) 29.6%, other (includes small Crimean Tatar, Moldovan/Romanian, and Hungarian-speaking minorities) 2.9% (2001 est.)
- **Religions:** Orthodox (includes Ukrainian Autocephalous Orthodox (UAOC), Ukrainian Orthodox - Kyiv Patriarchate (UOC-KP), Ukrainian Orthodox - Moscow Patriarchate (UOC-MP), Ukrainian Greek Catholic, Roman Catholic, Protestant, Muslim, Jewish (2013 est.)
- **Government type:** semi-presidential republic
- **Legal system:** civil law system; judicial review of legislative acts
- **Currency:** Ukrainian Hryvnia
- **Climate:** temperate continental; Mediterranean only on the southern Crimean coast; precipitation disproportionately distributed, highest in west and north, lesser in east and southeast; winters vary from cool along the Black Sea to cold farther inland; warm summers across the greater part of the country, hot in the south
- **Natural resources:** iron ore, coal, manganese, natural gas, oil, salt, sulphur, graphite, titanium, magnesium, kaolin, nickel, mercury, timber, arable land
- **Natural hazards:** occasional floods; occasional droughts
- **Time difference:** UTC+2
- **Internet country code:** .ua
- **National holidays:** Independence Day, 24 August (1991)
- **National symbols:** tryzub (trident); national colours: blue, yellow

[Source: FCO Economics Unit, CIA World Factbook (August 2018)]





# Manjit Thethi International Licensing Analyst Sr, Trade Compliance Lockheed Martin UK Ampthill Ltd

## What are you studying and why did you choose to take the course?

I am studying a Level 5 Diploma in World Customs Regulations and Compliance. The course was recommended by my management as part of my personal development and I took up the opportunity immediately. I've worked within the import/export arena for almost 19 years, mostly in export controls, but I needed to broaden my knowledge and skills specifically in customs formalities – especially with the challenges the UK faces with Brexit, meaning an impact on UK industry exports and imports, as opposed to the reliance on EU standards and harmonisation.

As an employee of Lockheed Martin UK Ampthill (part of the wider Lockheed Martin Corporation), I reinforce the business proven competence to export and import and encourage wider industry to recognise the benefits that are to be had from international trade. Lockheed Martin's value of 'Do What's Right' has enabled me to further that notion and I am proud to promote Lockheed Martin's acumen and professionalism through this opportunity with the IOE&IT.

## How are you finding the course?

I am really enjoying studying the Diploma. It's been an incredibly rewarding experience and one that I would highly recommend to those working in international trade and who are looking to grow and take the next step in their career.

I have enjoyed carrying out the research and piecing it all together between lots of the agreements and legislation, but more importantly expressing my opinion on certain case studies presented and analysing whether they would work for the business or not.

I have a young family and admit it is challenging to find the time to study. I mostly find myself fitting my studies in either very early in the morning or very late in the evening. My family are very supportive, which has allowed me to find the time to study a subject I am most passionate about. Each of the modules covers all the important aspects of international trade that are relevant to my role and, although I have yet to complete the course, it has already made an impact on how I undertake my role.

## Has the course enabled you to contribute more to the company you work for?

Most definitely. It has also increased my confidence in answering questions and briefing the teams. Although I am someone who has been described as being technical, I can always refer to a piece of the legislation that gives comfort to my colleagues of my experience and knowledge as a result from studying. Analysing specific areas and making recommendations and improvements with the purpose of achieving better compliance for the business is what I continue to strive for. Once I complete the course, I have plans to support the wider team, to carry out training to the

business to continue to improve compliance in these areas.

## What's next and how is the course contributing towards your career?

After completion of the course it's a case of taking a well-earned break but I would like to take up another qualification in a related area because it would further benefit my career development. There are other areas that are impacted by international trade and it's important to understand their functions too.

## What tips would you give other people studying with the IOE&IT?

There is a lot of help and advice from the IOE&IT and from the tutors. Students are able to request support through the new Canvas system. I would say make every effort to dial in into the tutorials and lessons because this gives the opportunity to ask questions and receive answers to any queries. The interim assignments should not be ignored so make every effort to submit at least one because the tutor is able to provide constructive feedback. Receiving feedback is invaluable and using it would put students in a good position to submit an excellent Final Assessment. Finally, finding the time to study should not be underestimated. There is a lot of material to read so have a plan and stick to it. ■



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## Gift Chikola



### What are you studying and why did you choose to take the course?

I am due to submit my final assessment – for the Professional diploma level 5 in International Trade – by mid-January next year (2019).

After successfully completing my graduate studies in Management Practice – International Trade with Plymouth University, and being awarded with a certificate for the best student within the programme, I was still confronted by the inner desire to broaden and translate my theoretical academic knowledge of international trade practices, regulations and functionalities in a realistic and more practical way.

I knew that I had acquired an in-depth knowledge and understanding of international trade, but my appreciation of how complex, practical real industrial work can

be, was lacking, so I chose to pursue a programme with IOE&IT, as the only reputable institution I am aware of within the international trade arena.

### How are you finding the course?

The course so far has provided some interesting challenges and is definitely stretching my professional knowledge. I have been fortunate enough to be taught and tutored by extremely qualified individuals who are widely experienced in their capacities within the international trade industry and consequently the programme has been more exciting than I expected.

### Has the course enabled you to contribute more to the company you work for?

The course has, without a doubt, helped me to acquire, understand and fully develop practical and critical key elements of international trade operations. At the end of my studies, I feel confident that I will be fully prepared to work within and significantly contribute to any businesses or organisations that are involved in international trade, logistics, procurement or other general business dealings. I am not in work in this industry at present, so look forward to the new opportunities the qualification will bring for me in my desired field.

### What's next and how is the course contributing towards your career?

My ideal next step would be a job within the IOE&IT! The course has undoubtedly set me on a career

path that I am passionate about and I feel immensely positive about my career progression and employability prospects. The IOE&IT's international trade course has shaped and refined the exact direction of my future jobs or possibly even further studies.

### What tips would you give to other people studying with the IOE&IT?

Arguably, the key thing which has worked for me is to try to submit all the ungraded module assignments to my tutors for more personal feedback. I suggest that this will help you as a student not only for the purpose of your final assessment, but also to improve your writing style into a more professional one.

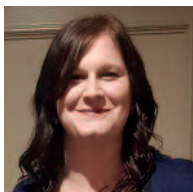
Make sure you plan your spare time well in advance to attend tutorial lecturers and calls on the Canvas, it is very important. This will help you to fully understand your module in detail, giving you the opportunity to ask questions directly to your tutor and know what is expected of you.

Getting involved in IOE&IT webinars from different platforms also helps you to be well informed and updated. This will put you in a live position where you will know the most current activities and practices in international trade.

Finally, be serious, focused, determined and in control of your time. ■

## Student Interviews

# Jade Forshaw



Forshaw Compliance  
Solutions Ltd

International Trade  
Compliance Consultancy

Currently working for  
AS Watson Health and  
Beauty UK Ltd, who own  
both Superdrug Plc and  
Savers Ltd.

### What are you studying and why did you choose to take the course?

I began with the Advanced Certificate in International Trade (ACIT) and am now completing my last module for the Diploma in International Trade (DIT).

After working in logistics for several years I realised, unlike most people, I enjoyed the more complicated side of import and export and licensing. After putting myself through some courses held by the local chamber of commerce for basic import and export skills, I began to understand that international trade is a niche job industry. During the training I was introduced to two trainers who work in exactly the industry I had become interested

in, they were both active members of the IOE&IT and they made me aware that the IOE&IT offered courses that may help me gain entry to such roles.

### How are you finding the course?

I think the courses are incredibly well structured, I can imagine even more so if you have never worked in a logistics-based industry before. The reading material is clear and concise and there are regular calls with tutors and even peers if required. The assessments are clearly outlined with appropriate marking guidelines to aid you in deciding which parts of the assessment require the most focus when it comes to the detail and number of words. The online portal makes everything easier and you can always get in touch with someone directly at the Institute if you have any questions.

### Has the course enabled you to contribute more to the company you work for?

As I already work in the industry, I was pleased to realise that most of the coursework was in line with what we were already looking at. I would say that it has really improved the way in which I have communicated the projects and ongoing work to the business and helped me structure those conversations in a way that the general business understands, which can be a challenge as international trade is a complex subject and even more so to those who are not familiar with it.

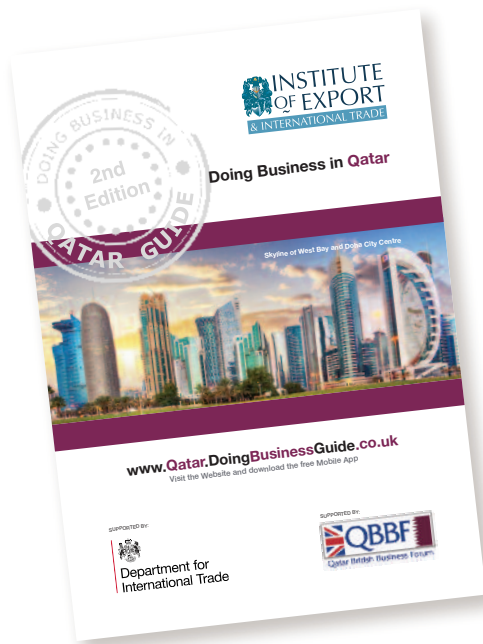
### What's next and how is the course contributing towards your career?

I believe the course has helped me when applying for roles as it shows that I am interested in the subject matter and have a passion to gain further knowledge and experience. It also proves to the employer that you are not afraid of further education and improvement, which is essential when working in international trade.

I am constantly looking to further educate myself so once this course is completed, I will be back speaking to the IOE&IT about what other courses I may be able to do, having a masters in a subject I am so passionate about would be a great achievement.

### What tips would you give to other people studying with the IOE&IT?

I would suggest utilising all the available tools, from the portal and reading material, the referencing guidance, and more importantly the tutor calls and peer to peer forums. These courses give you the opportunity to speak to other students and more importantly other people working within some aspect of international trade. It enables you to gain invaluable knowledge and points of view that you would not otherwise have access too. ■



## Qatar overview

Qatar is a small independent sovereign state in the Middle East and is one of the six members of the Gulf Cooperation Council (GCC). It is a relatively small country, but one of the richest in the world with a very high gross domestic product (GDP) per head. This affluent market with its growing population offers opportunities for UK businesses across a wide range of sectors.

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It has significant oil and gas reserves, and energy production per head dwarfs the other Gulf countries. As oil prices can and do fluctuate, the government is using the revenue generated to diversify its economy.

Qatar has transformed itself over the past two decades from a relatively unknown Gulf State to a prominent player on the world stage. Exploiting its significant oil and gas reserves, it has embarked on one of the largest and most ambitious infrastructure programmes in the world with projected spend

of around £140 billion to deliver its 2030 Qatar National Vision (focused on economic, social, human and environmental development) and the 2022 FIFA World Cup.

The government is implementing reforms to tackle public spending and diversify the economy away from oil and gas, including through promoting the role of the private sector and SMEs.





## The British Ambassador to Qatar, Ajay Sharma CMG



Qatar is a relatively small country, but one of the richest in the world with a very high gross domestic product (GDP) per head. It has transformed itself over the past two decades to a prominent player on the world stage. Exploiting its significant oil and gas reserves, it has embarked on one of the largest and most ambitious infrastructure programmes in the world to deliver its 2030 Qatar National Vision and the 2022 FIFA World Cup.

Around 25,000 British nationals live in Qatar, and approximately 130,000 visit annually. English is widely spoken and there are strong UK-Qatar cultural and historical ties as many Qataris have studied in the UK, have UK homes and visit regularly.

This affluent market with its growing population and dynamic economy offers significant opportunities for UK businesses across a wide range of sectors. My team from the Department for International Trade, would be pleased to support you in doing business here, and invite those who have not considered Qatar yet, to take a closer look.

I very much look forward to seeing more British companies being successful here in Qatar.

Ajay Sharma CMG  
British Ambassador to Qatar  
<https://www.gov.uk/world/organisations/british-embassy-doha>



British Embassy  
Doha

## Advice from our Technical Helpline

The Institute of Export & International Trade's 'Export Helpline' provides help for any international trade query, including documentation, export controls, customs & VAT procedures, payment terms, Incoterms, and much more. Members of the IOE&IT can access the helpline for free.



### While exporting to Qatar the following general requirements apply

#### Ship Pre-Arrival Notification Report

The notification report is to be handed in by the carrier or his agent to the authorities of the port of arrival at least 48 hours prior to the estimated time of arrival. The report may also be submitted by fax or electronically. It is to be completed in English and submitted in the original.

#### Master's Report

The report is to be handed in by the master of the ship or his agent to the responsible pilot at the port upon arrival of the ship. To be completed in English and submitted in the original.

#### Manifest

The document is to be prepared by the carrier or his agent in Arabic or English and submitted in the original upon the arrival of the aircraft at the customs office of entry. In case of sea transport, the document is to be submitted within 63 hours from the time the ship enters the port.

Alternatively, web-based electronic manifest processing is enabled through the Qatar Clearance Single Window known as Al Nadeeb electronic system.

#### Customs Import Declaration

This document is to be completed by the importer in either Arabic or English and is submitted in the original along with three carbon copies.

Also, the web-based electronic customs declaration is enabled through Al Nadeeb.

#### Commercial Invoice

The invoice is to be prepared on an official company letterhead in Arabic or English and submitted to the customs authorities in the original. It also needs to be certified by a chamber of commerce in the country of export. If there is no Qatari Embassy in said country, the legalisation may alternatively be done by the Qatari Ministry of Foreign Affairs in Doha.

#### Pro Forma Invoice

This document is a prerequisite for the entitled Permit to Import Narcotic Drugs and Intoxicating Products for Medical Purposes, but may also be required by the importer or competent authorities. It usually contains the same information as the final Commercial Invoice, but may be more concise.

#### Packing List

It is usually prepared by the exporter in English or Arabic. It is advisable to enclose the Commercial Invoice number in the Packing List. The customs authorities in Qatar may waive the requirement of a Packing List if they deem the documentation to be sufficient for customs clearance.

#### Certificate of Non-Preferential Origin

This certificate is required for the customs clearance of all kinds of goods and is to be submitted by the exporter in the original.

The certificates are usually issued by the chambers of commerce. If applicable, the declaration on the reverse side is to be certified by the chamber of commerce or any other appropriate authority. Subsequently, the document is to be legalised by the Qatari Embassy in the country of export.

#### Proof of Preferential Origin

Only required if preferential treatment under a free trade agreement or arrangement is claimed. The Proof of Preferential Origin is to be submitted by the exporter.

#### Air Waybill

This document is to be prepared by the carrier or his agent. It is usually issued in English. The Air Waybill consists of a set of forms, three of which are originals and the rest are copies.

#### Bill of Lading

This document is to be prepared by the carrier or his agent as a clean or unclean Bill of Lading. Usually issued in English. Three full sets of the Bill of Lading are usually issued, each containing an original and several copies.

If goods are shipped by sea without a document of title to goods, a Sea Waybill is used instead.

#### Insurance Certificate

This certificate is to be prepared by the insurance company of the exporter or the importer. To be issued in English or Arabic. The certificate is to be submitted in the original.

#### Delivery Order

This document containing the formal obligation of its issuer to deliver the denominated parts of the shipment to its bearer is required for the customs clearance. It is to be issued by the bearer of the corresponding freight. The document is usually issued in English and is to be submitted in the original.

#### Customs Code

This document certifies that its bearer is entitled to conduct activities with the customs authorities in Qatar. The code is to be applied for by the importer at the Ministry of Finance.

To be completed in Arabic and submitted in the original. The period of validity of the code is not limited as long as all details provided remain unchanged.

#### Importer's Licence

This document proving that its bearer is entered into the register of importers and is authorised to carry out import procedures is required for customs clearance and market access.

The licence is to be applied for by the importer or his representative at the Ministry of Economy and Commerce.

#### Commercial Registration

The document is required for customs clearance and company establishment. The period of validity is one year, after which it must be renewed.

The registration is to be applied for by the company representative or the individual at the Ministry of Economy and Commerce.



# Economic overview

## Geography

Qatar is a small independent sovereign state in the Middle East and is one of the six members of the Gulf Cooperation Council (GCC), together with Saudi Arabia, Kuwait, the United Arab Emirates (UAE), Bahrain and Oman.

### General overview

Qatar's economy has been built on exploiting its significant oil and gas reserves. It remains strong but has been impacted by the falling oil price and the ongoing blockade by some of its regional neighbours. The Government is implementing reforms to tackle public spending

and diversify the economy away from oil and gas, including through promoting the role of the private sector and SMEs.

A main focus is on delivering infrastructure projects for the 2022 FIFA World Cup and 2030 National Vision, as well as increasing the

efficiency of public spending.

Qatar is a market which requires patience to develop the necessary contacts to successfully win business. A long-term strategy is essential.

[Source – DIT/FCO Overseas Business Risk/gov.uk]

### Benefits for UK businesses

- English is widely spoken
- there are strong UK-Qatar cultural and historical ties as many Qataris have studied in the UK, have UK homes and visit regularly
- there is considerable capital spending by the Qatari Government on education, healthcare, infrastructure and transportation

- it is expected to have the highest real growth in the Gulf Cooperation Council

[Source – DIT/gov.uk]

### Benefits for UK businesses

- 2022 FIFA World Cup** - Qatar's successful bid for the FIFA World Cup is the Middle East's first major global sporting tournament.

- Hamad Port** - Hamad Port is one of the world's largest greenfield port developments. Strategically located south of Doha, the QAR 27 billion (US \$7.4 billion) megaproject, which includes a new port, a new base for the Qatar Emiri Naval Forces and the Qatar Economic Zone 3, will span a 26.5 km<sup>2</sup> area.
- Doha Metro** – The new Doha Metro system will be built in two phases – the first will see the

## MARKET EXPERTS







construction of three of the four lines (Red, Gold and Green) and 37 stations. These lines are expected to be open to the public by 2020. The future phases involve the introduction of an additional line.

- **Lusail Rail** – Lusail City, designed to be an environmental and self-sustaining community, the city will have residential and commercial developments including schools, medical facilities, shopping centres and more. The Lusail Tram network will serve the residents of the city by providing an environmentally-friendly mode of transportation.

[Source – DIT/gov.uk/Hamad Port Project/Qatar Rail]

#### Business etiquette, language & culture

The key to success in the Qatari market hinges on the relationships and trust UK companies can build with contacts in the marketplace. It is an old fashioned business culture where personal relationships matter far more than other pure commercial considerations.

English is widely spoken but it is mandatory for businesses in Qatar to use Arabic as the main language for issuing invoices, service lists, product labels and customer services.

When in Qatar you should dress modestly in public.

You will need introductions to develop your business in this market. You must take time to get to know your contacts through face-to-face meetings.



For more information go to the Doing Business in Qatar Guide website at: [www.Qatar.doingbusinessguide.co.uk](http://www.Qatar.doingbusinessguide.co.uk) or to request a copy of the guide email: [institute@export.org.uk](mailto:institute@export.org.uk)





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Call: +44 (0) 1733 404 400 : email: [institute@export.org.uk](mailto:institute@export.org.uk)

# Quick facts

- **Location:** Middle East, peninsula bordering the Persian Gulf and Saudi Arabia
- **Area:** 11,580 km<sup>2</sup>
- **Population:** 2.7 million
- **Urban population:** 99.1%
- **Capital city:** Doha
- **GDP per capita (Oct 2018):** US \$61,024.8
- **Languages:** Arabic (official), English commonly used as a second language
- **Religions:** Muslim 67.7%, Christian 13.8%, Hindu 13.8%, Buddhist 3.1%, folk religion <1%, Jewish <1%, other 0.7%, unaffiliated 0.9% (2010 est.)
- **Government type:** absolute monarchy
- **Legal system:** mixed legal system of civil law and Islamic law (in family and personal matters)
- **Currency:** Qatari Riyal (QAR)
- **Climate:** arid; mild, pleasant winters; very hot, humid summers
- **Natural resources:** petroleum, natural gas, fish
- **Natural hazards:** haze, dust storms, sandstorms common
- **Time difference:** UTC+3
- **Internet country code:** .qa
- **National holidays:** National Day, 18 December (1878), anniversary of Al Thani family accession to the throne; Independence Day, 3 September (1971)
- **National symbols:** a maroon field surmounted by a white serrated band with nine white points; national colours: maroon, white

[Source: FCO Economics Unit, CIA World Factbook (January 2019)]



## Queen's Awards

# The Institute Celebrates with **the Queen's Award Winners** in International Trade

The Institute of Export & International Trade held its annual dinner celebrating the winners in the International Trade category of the Queen's Award for Enterprise. Hosted at The Inner Temple in London, the sold-out event had a genuine celebratory feel, with the attending companies and friends of the Institute keen to enjoy themselves, toasting to their successes.



The Queen's Awards are one of the most prestigious accolades that UK businesses can earn. Winners for the International Trade category are required to demonstrate a substantial and sustained increase in export earnings over three consecutive 12-month periods, to a level which is outstanding for the products and services concerned, and for the size of the organisation. Each of the attending businesses – who also earn a year's free membership with The Institute of Export & International Trade – is an inspiration to other businesses looking to start exporting. Their commitment to international growth and their innovation in doing so are an example for future exporters to follow.

### An Appropriately Glamorous Showpiece Event

The three-course dinner, sponsored by Bibby Financial Services, was hosted at The Inner Temple in the heart of London. The impressive setting – located between the Strand, Fleet Street and Embankment – was appropriately glamorous for this showpiece event.

Director General of the Institute, Lesley Batchelor OBE, welcomed the winners, toasting their achievements and welcoming them into the exporter community that centres on many of the Institute's activities. The Institute's Chairman, Terry Scuoler CBE, also made a few remarks before the dinner,

mentioning some of the challenges ahead for UK businesses, especially around Brexit.

The after-dinner speech came from Humphrey Hawksley, a BBC foreign correspondent and author. Drawing on his long career in broadcasting, he regaled many anecdotes about the various curious and spurious people he has encountered around the world, highlighting the great variety of people you can expect to come across when trading in overseas markets. ■

With special thanks to our event sponsor:



## Queen's Awards



## World Trade Summit



## Report from the Coventry Summit

On November 21 the Institute of Export & International Trade hosted its final World Trade Summit in 2018 at the University of Warwick's International Manufacturing Centre. Following the 2018 programme theme of 'Roadmap to Export Success' many of the presentations focused on giving practical advice to companies looking to expand their export horizons in 2019.

With the summit taking place amid the height of uncertainty around the direction of Brexit, there were plenty of caveats being issued as well, with a major learning being that the only certainty for the near future is further uncertainty. Speakers outlined potential ramifications of the different outcomes for Brexit at the time – including a 'no deal' Brexit – and also advised delegates to look beyond Europe to markets like the USA as a way of mitigating risk. ►

### An opportunity for our members to talk to each other

As with all of our regional summits in 2018, the speaker line-up mostly consisted of the Institute's members as our intention has been to create a platform for our members to talk about what they do and how they help fellow exporters. The summits are also an opportunity for members to engage directly with the Institute and our new Director of Special Projects, Jen Latelese, was on hand to make the opening remarks.

Jen outlined some of the key activities undertaken by the Institute in 2018 – including its being recognised as a 'Small Business Champion' by the World Trade Organisation and International Chamber of Commerce – while also outlining some of the potential impacts of Brexit of our exporters.

### Practical advice and tips for entering the US market

Frank Levene (Avitus Group) and Gary Baylis (Export Access) spoke of some of the opportunities and challenges for businesses looking to sell into the USA. Frank gave an overview of the cultural differences between the US and the UK and outlined the sheer scale of the US market; Gary looked at the regulatory requirements and hurdles involved. Both had also previously spoken at our Bristol summit in July.

The summits always cover a broad range of the various practical elements that businesses involved

in international trade need to be aware of – taxation and insurance being two of the most significant. Ian McKinney (Gallagher) gave an overview of some of the types of insurance that exporting businesses need to consider, including product liability, professional indemnity, and cargo. Laura Vanstone (SimplyVAT) then gave an overview of the cross-border VAT obligations that ecommerce sellers need to stay on top of.

Incoterms were also a key topic for the Coventry Summit. Roger Kagan (Dangerous Goods Safety Advisers Ltd) warned delegates about the dangers of assuming Ex Works will operate smoothly for every movement of goods across borders. He also spoke of the need for businesses to get advice when moving goods that are potentially liable for controls and licenses.

### Support on hand for exporters in the Midlands

As ever there is plenty of support available for businesses looking to start exporting from the Midlands. Jane Cooper outlined the support being provided by the government's export credit agency UK Export Finance, for instance, while Jim David presented on the invoice financing solutions provided by Bibby Financial Services.

Shakil Ahmed also updated delegates on the key transition from CHIEF (Customs Handling of Import & Export Freight) to CDS (Customs Declaration Service) being conducted by HMRC. This

is a key update to the technology that is used to check goods moving over the UK border.

Finally, the Institute also updated delegates on a new range of training courses it will be delivering in 2019.

### More to come in 2019

In 2019 the Institute will be on the road once more with summits scheduled to be taking place in Southampton, Manchester, Scotland, Belfast, the South West, Oxford, London and the Midlands. The theme for next year's summits will be 'Making the Case for International Trade' ■

## Forward Look

# Our latest round-up of recommended **shows** and **exhibitions**, as well as our **training courses**

### February

#### Letters of Credit

20 February 2019 | Birmingham

#### Understanding Rules of Origin, Free Trade Agreements & Export Preference

20 February | Manchester

#### Post Brexit Documentation and Compliance

22 February | London

#### Introduction to Importing Licensing Controls

26 February | Manchester

#### South Coast World Trade Summit

27 February 2019 | Southampton

#### An Introduction to Exporting

27 February 2019 | Manchester

#### Customs Classifications and Tariff Codes




27 February 2019 | London

#### Advanced Exporting

28 February | Manchester

#### VAT in International Trade

28 February | Birmingham

-  Open to Export
-  Partner Events
-  IOE&IT Events

### March

#### Introduction to Importing

05 March 2019 | Manchester

#### Advanced Importing

05 February 2019 | Manchester, London

#### Open to Export Action Plan Competition Final

06 March 2019 | London

#### Post Brexit Planning Workshop

06 March 2019 | Birmingham

#### Post Brexit Planning Workshop

12 March 2019 | London

#### Manchester World Trade Summit

12 March 2019 | Manchester

#### Introduction to Importing

13 March 2019 | London

#### Advanced Importing

14 March 2019 | London

#### Retail without Borders

14 March 2019 | London

#### Post Brexit Planning Workshop

14 March 2019 | Birmingham

#### Post Brexit Planning Workshop

19 March 2019 | Manchester



**Webinar: Preparing for Brexit: Currency**

20 March 2019 | Online

**Introduction to Exporting**

20 March 2019 | Birmingham

**Excise Duties & Procedures**

20 March 2019 | London

**Effective Incoterms - Half Day**

21 March 2019 | London

**AEO Training**

21 March 2019 | London

**Advanced Exporting**

21 March 2019 | Birmingham

**Dangerous Goods**

26 March 2019 | Birmingham

**Russia Without Tears - a workshop for British exporters**

27 March 2019 | London

**Understanding Rules of Origin, Free Trade Agreements & Export Preference**

27 March 2019 | Birmingham

**Turning Risk in Opportunity in Export Markets beyond the EU**

28 March 2019 | London

**Advanced Exporting**

28 March 2019 | London

**Introduction to Export Licensing Controls**

28 March 2019 | London

**Post Brexit Documentation and Compliance**

28 March 2019 | London

**April**

**Food and Drink Export Workshop**

03 April 2019 | London

**Webinar: Understanding Rules of Origin and Free Trade Agreements**

11 April 2019 | Online

To view our calendar of training courses, visit  
<https://www.export.org.uk/page/TrainingCourses>

For more information about our summits, webinars and partner events  
visit [export.org.uk/events](https://www.export.org.uk/events)

Or you can call us at 01733 404400

## Export Action Plan

# Lhamour (Mongolia)

How did you find the experience of pitching to the judges during the final?

It was an incredible experience. I was very nervous but once I saw the other pitches, I was very inspired and it felt great to be part of this amazing group of finalists. I felt very good about my presentation because it gave us a good opportunity to showcase our work to the world.

How did you find the experience of being at the WTO Public Forum?

It was great. My goal is to be a speaker one day, so it was good practice.

How did you find using the Export Action Plan tool and what impact did it have on your business?

It was great. It gave me the opportunity to make a clear plan with clear goals and processes and



structure. I had not structured my export strategy like this before.

Looking ahead, what's your next step now as a business?

Our main goal is to expand Lhamour globally and distribute to more countries in the world. We want to expand our product line and share our philosophy of loving yourself, loving others and loving

the environment to as many people as possible around the world.

What three tips would you give to other MSMEs looking to enter international trade?

Have a clear vision, focus on building a good foundation and then believe in your products and services and have no fear. ■

### About Lhamour (Natural Essentials LLC)

Lhamour is committed to making a positive social change in Mongolia and around the world, every step of the way, starting from the raw materials we use and where we source them, to employment of the marginalised and giving back to the communities and the environment.

The world is changing fast. They say: be the change that you want to see.

We could sit there and wait for others to come and fix our problems. But we live on the same earth and have the same 24 hours, so why not start ourselves? We, as the young people, want to create a world we want to live in and our future generations. By doing it ourselves, we want to empower others so that they can do it too.

Love yourself, love others and love the environment. Lhamour was established in 2014 at home from the kitchen with the dream to create a Mongolian brand that provides healthy, high quality, natural skincare products. What started out as one person's dream turned quickly into something much greater, something that would inspire the youth and fix people's skin problems as well. Something that was scalable, and that people started to share all around the world – as you can see with our distributors who have become entrepreneurs themselves, from Hong Kong, Taiwan all the way to India, Thailand and Canada, all sharing our philosophy.

Lhamour's vision is to be a change-maker – to create a more sustainable future for our next generation. We give value to people by providing natural skincare products through zero-waste production that are freshly handmade, like warm bread in the morning, with unique Mongolian ingredients for the health-conscious person who wants to create social impact through a purchase.

Love yourself, love others and love the environment.

**Enter** the Open to Export Action Plan Competition for the chance **to win £3,000 cash** and further support towards your plans **for international growth**. Complete your plan using our online planning tool.



## Who are Open to Export?

We are the free online information service from The Institute of Export & International Trade dedicated to helping SMEs through our:

Step-by-step guides covering the whole export journey from 'Selecting a market' to 'Delivery and documentation'

A comprehensive webinar programme covering all aspects of international trade

The online Export Action Plan tool helping businesses create a roadmap to successful new markets

Quarterly competitions for the chance to win £3,000 cash and further support

**Plan to win - start your Export Action Plan today**

**Register for free on [www.opentoexport.com](http://www.opentoexport.com)**  
to start your plan and enter the competition

Powered By

## Making the Case for International Trade

# Why we need to do more to champion small businesses



**Lesley Batchelor OBE**  
Director General at the  
Institute of Export &  
International Trade

At the start of October, The Institute of Export & International Trade was honoured to be awarded the title 'WTO-ICC Small Business Champion' by the World Trade Organisation (WTO) and the International Chamber of Commerce (ICC). This followed the final of an international competition we ran for MSMEs all over the world, inviting them to submit their export plans using an online planning tool on our Open to Export platform.

The competition was our way of contributing to a more inclusive trading world and we were humbled to meet the 12 finalists who pitched for the cash prize of \$5000, 8 of whom travelled to Geneva to join us for a competition showcase at the WTO Public Forum.

Our stand throughout the Forum was abuzz with inspiring entrepreneurs. Our finalists supported each other with their pitches and exchanged ideas and advice about how to do exporting successfully. What was truly inspiring though, was the significant impact that each of these companies is already having in their respective homes.

The winning company, Dytech

Limited from Zambia, who make honey-based products, are just one such example of the vital role that trade plays in developing communities. As they grow, Dytech employ and train individuals from poorer communities, 40% of whom are women. By giving Dytech \$5000 to implement their export strategy, we are helping Zambian men and women to escape poverty and gain skilful employment, creating skills and work that could have lifelong impacts.

### Global trade should create opportunities for all

We were honoured to be named a 'WTO-ICC Small Business Champion' because the need to champion

small businesses is paramount to bringing more people out of poverty and spreading prosperity through the world.

Despite all the anxieties we have going into 2019, it remains the case that much progress has been made in recent times. Much of this has been down to a globalisation and liberalised trading system, with the World Bank reporting that the 1990 poverty rate was halved by 2010, 5 years ahead of target<sup>1</sup>.

Protectionist politics and fears about automation linger of course. In respect to the latter, trepidation may be exaggerated. In his opening plenary speech to the WTO Public Forum, WTO Director General



Roberto Azevêdo noted that technological advances could lead to additional global trade growth of around 30%, and though technology could replace 75 million jobs over the next 4 years, in the same time it could also create 133 million new ones.

#### The role of MSMEs in spreading opportunity

The WTO's mission is to ensure that global trade growth works for everyone, and the phrase 'inclusive trade' is a key one – especially when protectionist policies are returning to the table. In this sense, new and growing companies can often be the most inspiring and innovative causes for hope, not least because the great ideas and employers of tomorrow can't all come from big business.

By backing small businesses irrespective of where they come from – something technology indeed facilitates – we can truly

spread opportunity in trade so that it includes people from developing as well as developed countries, spreading it to people of all races, genders, sexualities and backgrounds.

It was truly inspiring, for instance, that 7 of our 12 finalists were women hailing from Vietnam, Mongolia, Belize, Saint Kitts, Jordan, Trinidad, and Scotland.

#### Exporting is inclusive because it is great

Global trade should be inclusive and the case for the benefits of exporting has to be made to MSMEs. Wherever you are, whatever the size of your business, exporting helps to spread risk, increase sales and boost efficiency.

Indeed, we learnt recently that in the UK alone companies that export become 34% more productive than those that don't. By dealing with people in different cultures you get

to learn so much about the world and other ways of doing business – something we certainly found spending time with our finalists in Geneva.

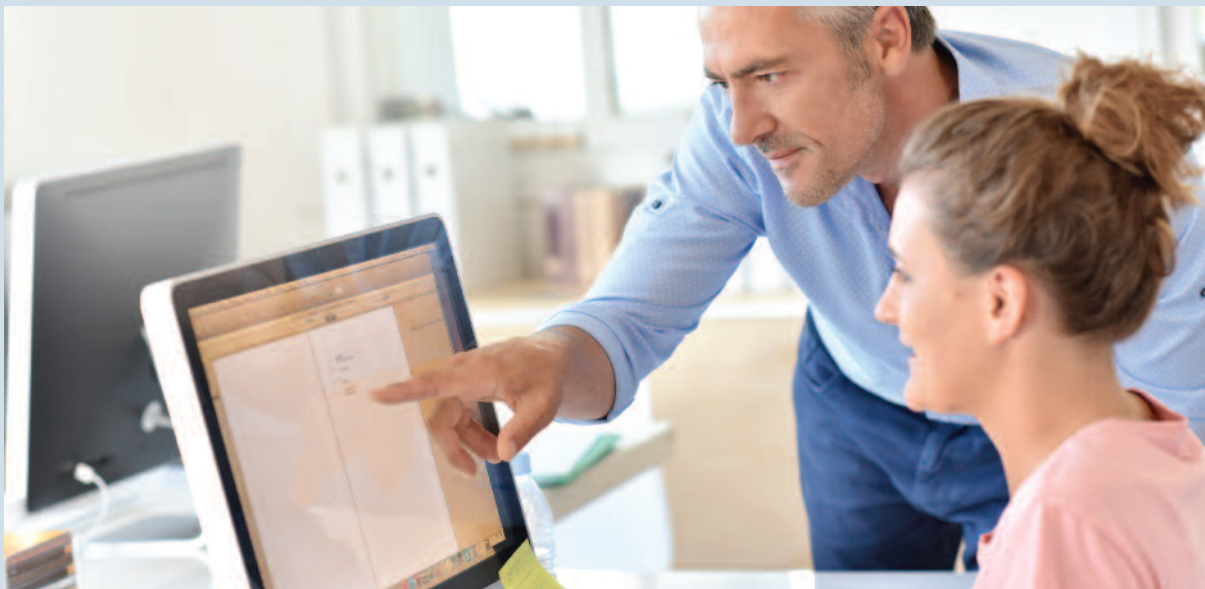
Exporting can only do all these things when you know how it's done properly. That's why we were delighted to open up the Open to Export project to MSMEs around the world – using our own technologies to help them trade successfully.

By giving MSMEs the tools and information they need to export properly, we're doing our bit to facilitate, encourage, and to champion the world's MSMEs. In so doing, we're making trade more inclusive, doing our bit to reduce poverty and increase opportunity everywhere and for everyone. ■

<sup>1</sup> <https://www.worldbank.org/en/topic/poverty/overview>

## Use it or lose it - Apprenticeships

# 'Use it or lose it' - access apprenticeship funding quickly in 2019



The Institute of Export and International Trade provide professional qualifications which allow businesses to access apprenticeship funding.

This can apply for any business who export or import or are involved in the international trade supply chain - such as Logistics and Shipping companies, Banks and Trade consultants.

Our qualifications focus on the practical aspects of international trade, supply chain and logistics and prepare employees for a career in international trade. With current uncertainties around Brexit, initiatives on

export growth and international trade facilitation and compliance, never has it been more important to have professionally trained staff.

We have a high number of companies and employees studying with us, so please join us.

We have a number of companies and learners starting with us in January who are taking the opportunity to commence learning now before businesses start to lose access to some of their apprenticeship funding from April 2019, under the principle of 'use your apprenticeship funding now or lose it!'

To hear more about what we have to offer please visit  
<https://www.export.org.uk/page/Apprenticeships>

Or email us on [apprenticeships@export.org.uk](mailto:apprenticeships@export.org.uk)  
You can also telephone 01733 404400 for further information

# Why should SMEs internationalise?

Involvement in international operations allows businesses to have access to a greater pool of customers and untapped opportunities. Firms frequently pursue internationalisation in an attempt to increase their survivability and growth opportunities.



**Dr Cristina Stoian**  
Senior Lecturer in  
International Business  
Brunel Business School  
Brunel University  
London

International trade makes firms more productive as compared to domestic firms. Besides the obvious benefits related to increase in sales volumes and profits, other benefits such as improvement in product /service development and quality and in production process can result from competing internationally.

While small and medium-sized enterprises (SMEs) have been traditionally perceived to be able to take part in international trade solely by engaging in import/export activities, the last two decades have shown that many of these smaller entrepreneurial players are able to design and manage sophisticated internationalisation strategies, comparable to those of large multinationals. In other words, SMEs can engage in several entry modes such as exporting, international joint ventures and setting up foreign owned subsidiaries. However, to

decide what entry mode to pursue in specific foreign markets, managers must carefully weigh all available options in terms of their advantages and disadvantages in that particular context.

Exporting allows firms to build economies of scale in the home country. Frequently the risk involved is considered moderate, since no operation facilities are built in host countries. Yet, it entails several challenges such as exposure to trade barriers, transportation costs and may lead to dependence on export intermediaries.

## How do I know when to start exporting?

Before embarking in exporting, SME managers should ensure their firm is ready to export. They can do so by carefully considering the following issues:

- Do I know enough about the tariff and non-tariff trade barriers in the market selected for exporting?
- Do I need an export license?
- Do I understand what is required to appropriately package and document shipments?
- How do I transport my goods?
- What incoterms will I use?

- How do I get paid?

Managers should be knowledgeable about the aforementioned to decide if their SME is prepared to export. Consequently, managers should decide whether direct exporting or using an export intermediary is best suitable for their business.

However, while exporting may be a common mode of approaching foreign markets, other modes may be more appropriate depending on the specific situation. For example, joint ventures provide firms with complementary resources, shared investment risks and may be a requirement for foreign market entry. Yet, suitable international partners may be difficult to find, and relationship management is not always easy. On the other hand, wholly owned subsidiaries allow full control of foreign operations. But they also entail considerable commitment and investment.

Many SMEs, despite their resource limitations, internationalise not only through exporting, but also via higher commitment foreign market modes such as international joint ventures or establishment of foreign subsidiaries. Such SMEs are referred to as micromultinational enterprises.

Micromultinationals are nimble players who frequently serve multiple foreign markets using distinct foreign market entry modes. ▶

## SMEs



These firms can identify in which foreign markets it is profitable to establish a physical presence such as sales or manufacturing subsidiaries. By doing so, micromultinationals can co-create and co-produce with their customers and local communities and hence increase their sales as well as the satisfaction and loyalty of their customers. Drawing on their distinctive industry and foreign market knowledge, micromultinationals can spot opportunities for initiating R&D collaboration with foreign organisations, which drive product and process innovation, thus securing a leading place in their sector internationally.

Furthermore, they are particularly skilful at identifying international joint venture (or strategic alliance) opportunities which can help their business generate increased profits and grow faster. In a nutshell, in-depth knowledge of their business sector worldwide, coupled with foreign market experiential knowledge, allows these small entrepreneurial

players to craft winning internationalisation strategies ahead of their competitors.

#### Can my SME become a micromultinational?

Yes, it could. You would need to have innovative products and an excellent understanding of your business sector around the world to decide what are the most profitable opportunities and how best to address them. It may often be more profitable to serve some markets by establishing local subsidiaries while exporting to others.

#### Why would I want my firm to be a micromultinational?

Having a presence in foreign markets ensures an intimate understanding of customers' needs and future preferences. It also allows your firm to gain better acceptance by the local community, thus is likely to boost sales and the sustainability of your international operations.

#### Do micromultinationals only exist in some business sectors?

While in some sectors the likelihood to become a micromultinational may be higher (e.g. software firms, manufacture of electronic products etc.) research shows that this phenomenon may occur in a broad range of sectors. Yet, micromultinationals are more likely to emerge in highly specialised niche sectors.

To conclude, SME managers should embrace internationalisation, but should do so mindfully, carefully weighing and choosing the most appropriate foreign markets and entry modes for their business. ■



**Brunel**  
University  
London



# Technical Help FAQs

## Our Exporters Helpline service comes as part of your membership package.

Giving you access to our team of experts who can provide help with questions on all aspects of international trade. To submit a question simply log in to your Member Account at [www.export.org.uk](http://www.export.org.uk) and click on 'Helpline Enquiry' under the 'Quick Links' heading.

### I have been asked to provide an ISPM 15 Certificate for my shipment and I'm not sure what this is?

This is certification used to ship products between countries for wood materials of a thickness greater than 6mm. Its main purpose is to prevent the international transport and spread of disease and insects that could negatively affect plants or ecosystems.

ISPM 15 affects all wood packaging material such as pallets and crates, requiring that they be debarked and then heat-treated or fumigated and stamped. You have to ensure that the certification and testing is provided by a company authorised to do the procedure.

Certified packing materials will have a stamp similar to the one shown below:



### What is a Dangerous Goods Certificate for shipments by Air?

Export of goods classified as Dangerous which are submitted for shipment by air need to be accompanied by a Dangerous Goods Note required by the International Air Transport

Association (IATA). The exporter is responsible for the accuracy of the form and ensuring that requirements related to packaging, marking and other required information by IATA have been met.

For a shipment of dangerous goods, it is critical to identify the goods, and ensure they comply with packaging and labelling requirements, which vary depending upon type of product.

Classification of dangerous goods is broken down into nine classes according to the type of danger materials or items present:

- Explosives
- Gases
- Flammable Liquids
- Flammable Solids
- Oxidizing Substances
- Toxic & Infectious Substances
- Radioactive Material
- Corrosives
- Miscellaneous Dangerous Goods

Dangerous goods are also assigned into 3 packing groups known as UN Packing Group:

- Packing Group I: high danger
- Packing Group II: medium danger
- Packing Group III: low danger

The reason for having different UN Groups is because the each one determines the degree of protective packaging required.

When Dangerous Goods are shipped the carriers will ask for a Material Safety Data Sheet, which is known as a MSDS. This data sheet must contain full information regarding the product being shipped.

MSDS is very important for the carriers to consider acceptance of the product. It provides the instructions and the full requirements for handling the dangerous cargo and is created by the manufacturer of the product detailing the full information of the item or items.

### Can I use a EUR1 for preferential trade with South Korea?

The EU has a trade agreement with South Korea enabling preferential trade. Within the normal preferential trade agreements for shipments over 6000 Euros, a EUR1 would be issued to certify the goods meet the rules of origin.

However South Korea does not accept the EUR1 form. For preferential trade with South Korea, Approved Exporter Status is required to enable preferential import duty.

To apply for this, you need to complete a C1454 form and once approved you would use your Approved Exporter Number on your documentation, for your customer to benefit from preferential. Import duties. ▶

## Technical Help FAQs

### Do I have to be authorised to use Inward Processing?

Under the new Union Customs Code (UCC) you do have to be authorised to use Inward Processing. This is either Authorisation by Declaration, if you only use the procedure up to 3 times a year, or Full Authorisation for use of more than 3 times a year.

For Full Authorisation the company will be required to complete an application form SP3 which can be done online via the company's Government Gateway account. The UCC came into force on 1 May 2016, so authorisations for Inward Processing Relief that were granted prior to that date can still be used until the authorisation needs renewing.

When using this procedure you will also have to take into account that under the Union Customs Code, a Customs Guarantee will be required to cover the actual or potential debt gained by using Inward Processing.

### What are incoterms and how are they used?

INCOTERMS (International Commercial Terms) are an internationally recognised set of trade terms developed by the International Chamber of Commerce (ICC). The terms define the responsibilities and liabilities between a buyer and a seller. They cover things like who is responsible for paying freight costs, insuring goods and covering any import/export duties.

The current version is 2010 and the International Chamber of Commerce will be launching a new version in 2020. The Institute of Export & International Trade will be the only Organisation running training courses to introduce the new version through 2019, so companies will be prepared when the new terms come into force.

Please contact the Institute or look at the website for information on these new training events. ■

**Note:** These answers are intended to provide guidance in relation to commonly occurring issues faced by members. Many international regulations can be complex and variable, depending on specific products, circumstances, or details of transactions. Members should seek specific advice if their particular circumstances differ from the above, or if they are unsure about the detail of individual answers.

## OUR CORPORATE PARTNERSHIP

provides access to a unique range of best practice advice, support, and resources to help you keep up-to-date with the ever-changing world of international trade.

Becoming a Corporate Partner shows that you support and promote our aims, objectives and values and will make you a true partner of the Institute.

Corporate Partnership is open to businesses of ALL sizes and offers great value for money with a range of benefits designed to help support and promote your business:

### ■ Technical Helpline

Unlimited access for any international trade issue, helping you to keep your business running smoothly.

### ■ One-to-One Advisory Session

A free session with one of our experts.

### ■ President's Lunches

Come along to the House of Lords for lunch with our President, to network with fellow Corporate Partners and raise concerns for the Institute to feedback to government. These events are exclusively for Corporate Partners.

### ■ Featured Webinar

Our webinar programme covers a wide range of topics. Corporate Partners can get involved by featuring as a panelist on a webinar, promoted directly to both the Institute and Open to Export audiences. Giving you the opportunity to present details of your business offering and build contacts.

### ■ Discounts

Institute members get exclusive discounts to some of our partner organisation events.

### ■ Communications Package

To keep you up-to-date with Daily FX bulletins and our Monthly e-Newsletter, not to mention content written across all aspects of trading on our website blog. Corporate partners can contribute articles for our blog and also on our sister website Open To Export, which will also be promoted across our social media accounts.

### ■ Preferential Member Rates

On all our world-renowned training courses, including bespoke training courses designed with our help and expertise.

### ■ Networking Opportunities

Events where your business will be able to meet with other export professionals to build relationships and discuss the latest developments in international trade.

### ■ A Voice For Your Concerns

Feedback to government on issues that impact you, plus participate in Institute responses to central government with regard to proposed legislative changes. Contribute to our Annual Survey and roundtables.

### ■ Affiliate Memberships

Six free Affiliate Memberships, allowing your staff to engage in networking opportunities, help

boost business opportunities and forge valuable relationships.

### ■ Job Board

Place your vacancies in front of our members and thousands of monthly visitors to our website.

### ■ Member Journal

Receive 'World Trade Matters' - the Professional Journal for members of the IOE&IT - every quarter. Corporate partners can contribute articles for inclusion and receive a 20% discount on advertising in the Journal.

### ■ Media Opportunities

Working with TV, national press, specialist export forums and Department for International Trade publications and websites.

### ■ Your Business Logo

Featured on our website with a short profile and direct link to your company website.

### ■ Sponsorship Opportunities

The chance to sponsor an Institute event or academic award, putting your brand in front of an audience of international trade professionals.

### ■ Business Logo

IOE&IT Corporate Partner Logo to use on your company letterheads, emails, internet and intranet, showing your customers that your business is dedicated to professionalism in international trade.

## Sign up to become a Corporate Partner today!

To speak to a membership advisor: call +44 (0)1733 404400. email: [membershipservices@export.org.uk](mailto:membershipservices@export.org.uk)  
For more information about all our membership options, go to: [export.org.uk/membership](http://export.org.uk/membership)

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