

Australia- Simplified Trade System – consultation paper: Response

The Institute of Export and International Trade (IOE&IT) is pleased to be able to respond to the consultation on The Simplified Trade System (STS).

By way of introduction, we are a world leading professional body that equips individuals and organisations to trade effectively across borders. We provide our members with the tools and the expertise to take advantage of international trade and work with governments to deliver programs that help drive employment, opportunity and growth. We are also an expert, non-partisan voice for evidenced based policy development in support of international trade. Leading on training and education of customs professionals, IOE&IT is particularly involved and engaged in activities around improving quality of services provided across the sector.

IOE&IT have also been involved extensively with other initiatives globally, working with our partners around the world, sharing our experience and providing our input to help shape the future of cross-border trade facilitation.

One of the key roles of the Institute is to unite the industry, we are not a customs broker, we are an independent voice who work on behalf of the entire industry:

- importers and exporters in the UK and globally,
- all logistics service providers, brokers and intermediaries,
- CSPs, Port Operators and Technology companies.

In providing consultation submissions we draw from our 7,500+ membership, our wider community of 30,000 businesses (including also Open to Export and UK Customs Academy) and 50,000 alumni. We also gather feedback from our internal resource of over 100 trade and customs experts, our membership of international committees at the WTO, WCO, UN CEFAC, UNCTAD and ICC, and international reach drawing from practices globally.

Question 1: Does the high-level vision for the future of cross-border trade align with the needs of business? What would you prioritise or emphasise? Are any components missing?

The high-level vision for the future of the cross-border trade is an inspirational and significant effort that has the potential to improve the way we engage in international trade. Its emphasis on reducing fragmented processes and developing a mature information exchange and governance system is a good

step towards improving trade-related efficiency and accuracy. The promise of a single integrated "source of truth" for businesses, providing fast access to accurate trade statistics and increased visibility into the movement of goods, is especially promising. Furthermore, the emphasis on using technology and automation to streamline reporting processes demonstrates a forward-thinking and innovative approach to trade facilitation. The vision's commitment to promote voluntary compliance while maintaining risk management and visibility of compliance history for regulators is a well-balanced strategy that will foster confidence and cooperation between businesses and government agencies. Additionally, the acknowledgement of varied policy objectives and user needs by the whole-of-government approach displays a smart and adaptable approach to catering to different organisations within the trade ecosystem. This vision has the potential to provide tremendous benefits to the Australian economy, environment, and broader community with careful planning, stakeholder participation, and transparency, reinforcing Australia's position as an essential player in the global trade scene.

Prioritising the specific components of the high-level vision for a streamlined whole-of-government approach to cross-border trade operations is critical for maximising benefits and ensuring successful implementation. From our global experience, we would like to emphasize that development of a strong digital infrastructure and cybersecurity framework is the main component that should be prioritised. Strengthening the technological and data security foundations would pave the path for seamless information sharing and the protection of sensitive trade data. Simultaneously, developing capacity-building activities for both government personnel and businesses should be a primary priority to ensure that all parties have the necessary knowledge and abilities to efficiently use the new systems. Prioritising the integration of agency functions and interagency coordination mechanisms would promote smooth collaboration and reduce potential bureaucratic obstacles to collaboration.

The power of seamless data sharing can be unleashed by improving digital infrastructure, providing businesses with accurate and real-time data. A strong cybersecurity framework will strengthen the defences against potential cyber threats, safeguarding the security of important trade data. Capacity-building efforts will provide Australian government employees and businesses with the information and skills they need to confidently embrace this dramatic change. The Australian Government could build a culture of adherence by prioritising trade compliance education, reducing compliance risks for firms and encouraging fair and ethical trade practises.

Businesses participating in import and export transactions must be well-informed and proficient in using these enhancements. We strongly suggest highlighting learning and education as a component of the high-level vision. Trade compliance education for organisations is critical for instilling a culture of regulatory adherence and lowering the risk of noncompliance. Simultaneously, concentrating on targeted support and incentives for small and medium-sized firms (SMEs) will encourage their active involvement in simplified trade processes, allowing for a simplified access to digital technology platforms. To acquire data-driven insights and continuously improve the programme, regular monitoring and assessment should be an ongoing mission

Proper education on the complexities of the whole-of-government approach will enable importers and exporters to confidently navigate the trade landscape, guaranteeing regulatory compliance and making

the most of the integrated, "single source of truth" for trade information. Education will enable companies to fully embrace the vision's objectives, use the streamlined procedures effectively, and reaping the benefits of increased visibility and efficiency throughout the trade experience. The high-level vision may be optimised by prioritising these important components to bring meaningful and long-term advantages to all size businesses, in the Australian economy.

Question 2: Which of these regulatory reforms would deliver the most practical benefits for business? Are there other reforms you would recommend we prioritise?

The suggested regulatory improvements detailed in the text are an encouraging and forward-thinking approach to improving Australia's cross-border trade operations. These game-changing initiatives promise to simplify bureaucratic hurdles, empower entrepreneurs, and build a more efficient and competitive trading ecosystem. We recognise them as the government initiative to provide concrete benefits to businesses engaged in import and export activities by prioritising practical and impactful initiatives such as the integrated reporting framework and streamlined border controls policy. These measures, if implemented, have a great chance to make doing business easier, reduce administrative burdens, and create new prospects for development and innovation.

While focusing on regulatory reforms, it must be emphasised that there is a need of prioritising a comprehensive set of reforms to improve the country's trading landscape and boost economic growth. While implementing, trade facilitation and digitalisation should be prioritised to enable paperless trade, streamline customs clearances procedures and embrace digital platforms for trade documentation. In addition, in the digital age, promoting e-commerce and digital trade is critical, therefore there is a need of focusing on implementation of policies that promote cross-border online commerce while protecting consumers' privacy and data privacy to foster growth in digital trade.

Question 3: What is your experience in understanding cross-border trade regulation? How accessible do you find this information? How can better guidance on regulatory requirements be provided?

The Institute of Export & International Trade consists of global experts in cross-border trade legislation. Our breadth of knowledge and ability in handling the complexities of international trade regulations has been critical in assuring our company's presence in the market, supporting strategic projects and cooperating with organisations such as WCO, WTO, UN/CEFACT, ICC. We have the capacity to interpret and stay current with ever-changing trade legislation from various nations, allowing us to safely grow our global reach and provide excellent service to our members, clients and partners.

As experts in global trade compliance, we can advise that below steps should be taken to improve the accessibility to trade information:

- Centralised, user-friendly platform that consolidates all relevant trade information, with ability to personalise guidance based on business specific requirements;
- Collaboration with industry on decision making when it comes to changes on guidance and regulatory compliance updates;
- Online support to importers and exporters, provided by experts through helpdesks and other communication facilities;
- Industry outreach through seminars, conferences, consultations and feedback surveys, to promote inclusivity and gather insights from businesses about their experience on interaction with resources available.

Question 4: What duplication in cross-border regulation have you experienced? What are the opportunities to streamline?

N/A

Question 5: What international best practices or models could be adopted or adapted to improve the cross-border trade regulatory environment?

Although Australia's commitment to trade facilitation and regulatory reform is admirable, there is still a potential in adopting several international best practises to better enrich the international trade environment. We can develop a seamless and efficient trade ecosystem by embracing comprehensive digital trade platforms, paperless trade facilitation, and centralised Single Window system serving as a single source of information to various governmental agencies, while enabling businesses with better data interchange and streamlined procedures. Supporting trade finance efforts and implementing pre-arrival processing of goods will be critical in enabling SMEs by ensuring access to critical funding and expedited customs clearing processes. We foresee a future where data-driven insights lead to fine-tuned supply chain planning, optimising resource utilisation, and decreasing environmental impacts as we explore sophisticated trade data analytics and automation technologies. A stronger Authorised Economic Operator (AEO) programme, paired with an established trade dispute resolution system, fosters productive collaborations between businesses and regulatory organisations. To foster an active trading community, we advocate for the importance of inclusive trade outreach and education programmes. These initiatives provide businesses with the knowledge and skills they need to confidently deal

with complicated barriers to trade, gaining access to new markets and creating long-term relationships across borders.

By incorporating international best practises into cross-border commerce landscape, we envision a future characterised by progress, collaboration, and prosperity. Becoming a worldwide trade leader should be fuelled by solid dedication and the will to press ahead into unexplored terrain, guided by the expertise of international experts. We believe that each step forward strengthens Australia's global position, ensuring that Australian companies can thrive in a dynamic and linked world of international trade.

Question 6: What is your experience with paper-based and electronic records in how you interact in cross-border trade with the Australian Government?

N/A

Question 7: How many paper-based documents would you transfer between your business and Australian Government in cross-border trade interactions per year? On average, how much time do these processes take?

N/A

Question 8: Are there other approaches, instead of MLETR, that would support the adoption of digital solutions and/or transference of electronic records in cross-border trade interactions with the Australian Government?

The implementation of international standards and frameworks, in conjunction with the Model Law on Electronic Transferable Records (MLETR), is critical in promoting digital solutions and enabling the transfer of electronic records in cross-border trade. Australia could establish a strong legal framework for the acceptance and recognition of digital documents and signatures in international trade contacts by harmonising with widely recognised standards such as the UNCITRAL Model Law on Electronic Commerce and Model Law on Electronic Signatures. These standards establish a common terminology and framework for promoting trust, security, and interoperability, and ensuring seamless cross-border transactions. Adopting international standards in addition to the MLETR not only improves the legal validity of electronic transferable records, but it also boosts confidence among businesses and government agencies, encouraging broader adoption of digital solutions and driving efficiency gains in

cross-border trade operations. Standardisation supports an open and internationally connected trading environment and could establish Australia as an innovative pioneer in the digital transformation of international trade.

The legalisation of digital documents and signatures is also critical to strengthening the basis for cross-border digital trade. Updating and modernising existing legal frameworks to clearly recognise electronic records as equivalent to paper counterparts guarantees businesses can undertake international transactions digitally with confidence. Legal recognition of electronic documents and signatures provides assurance and predictability in commercial relationships, lowering legal risks and uncertainties for all parties. This acknowledgement fosters trust in the integrity and authenticity of electronic documents, resulting in greater acceptance and use of digital solutions in cross-border trade. Businesses are enabled to overcome geographical obstacles, accelerate trade procedures, and capture possibilities in global marketplaces as they embrace the simplicity and efficiency of electronic documents.

By integrating the two, Australia could demonstrate its commitment to an already progressive and technologically driven trading ecosystem, reinforcing its position as a dependable and forward-thinking partner in the international trade arena.

Question 9: What factors should the Australian Government consider if it were to adopt the MLETR? Are there inter-jurisdictional considerations that should be considered by the Australian Government in looking into whether to implement the MLETR domestically?

If the Australian Government adopts the Model Law on Electronic Transferable Records (MLETR), several factors need to be carefully considered for its implementation. Harmonisation with current domestic laws governing electronic transactions, digital signatures, and transferrable documents is required to provide legal clarity and consistency. Additionally, an in-depth review of Australia's international obligations and commitments, particularly those relevant to trade agreements and conventions, will be required to guarantee that the MLETR complies with the country's global commitments, preventing potential conflicts and non-compliance issues.

Given the inherently global character of cross-border trade, consideration of interoperability with trading partners' legal frameworks is essential. An efficient MLETR implementation ought to render it easier to share electronic transferable records with foreign counterparts, removing unnecessary obstacles and increasing the efficiency of international commerce contacts. Furthermore, a thorough assessment of Australia's digital infrastructure and technological readiness will be required to determine whether the country has the necessary cyber resilience, secure data storage capabilities, and robust authentication mechanisms to effectively support MLETR implementation.

Extensive stakeholder consultation with businesses, legal experts, industry groups, and technology suppliers is also important in gathering multiple viewpoints and insights and establishing a framework that answers the many requirements and concerns of stakeholders involved in cross-border trade.

To develop broader adoption and use of electronic transferable records, a proactive approach to user education and awareness campaigns becomes critical. Informing businesses, legal practitioners, and the general public about the legal implications and benefits of the new framework will boost trust in the use of digital technologies in business. At the same time, the implementation of effective dispute resolution processes dedicated to electronic transactions will be critical in fostering trust and confidence among traders, assuring them that their interests are, in all instances, protected in the digital domain.

Question 10: Please describe your experience of the varying levels of administrative burden placed on your business in order to provide the information required to satisfy FPP tests.

N/A

Question 11: What digital or other opportunities exist to streamline collection of all your requisite FPP information, and would they enable you to integrate possible future FPP monitoring requirements into your business' own fraud and risk management process?

N/A

Question 12: Would you support your FPP test information being shared between relevant agencies and, if so, would there be any concerns or risks you'd want to see mitigated?

N/A

Question 13: How can we reduce the cost of cross-border trade administration?

We strongly support the adoption of simplified licencing and enabling, as well as the introduction of e-certification. This novel approach promises to reduce the administrative complexity that enterprises involved in international trade encounter. We anticipate significant time and cost savings for companies by expediting the process of getting licences and permits, hence improving their overall competitiveness. Embracing e-certification adds to this endeavour by transforming the handling of trade-related documents, making them secure, tamper-proof, and easily verifiable. We are confident that digitising licencing and certification processes will pave the way for a more transparent, efficient, and business-

friendly trading environment. As cross-border trade experts, we enthusiastically support the commitment to embracing disruptive technologies and user-friendly platforms to boost trade facilitation and economic growth.

Question 14: How can information on the tariff concession system be more accessible and what are the opportunities to simplify the tariff concession system?

Further digitisation is critical to making the tariff concession scheme more accessible. Businesses could conveniently access essential information, eligibility requirements, and application procedures from anywhere at any time by transferring the entire process to a fully digital platform. An online tariff concession system site could serve as a one-stop destination, providing complete guidance and resources in an easy-to-use style. Businesses could use interactive tools to assess potential tariff savings and searches, based on their individual products and trade volumes. Additionally, further digitalisation could facilitate faster and more efficient application processing, which reduces paperwork and administrative strain on both, traders and government employees processing the requests.

Question 15: Are there any border controls that you consider have a high regulatory burden on your business?

N/A

Question 16: How many border controls would your business typically interact with? Please identify the impact of border controls on your business.

N/A

Question 17: Are there any specific border controls that could be streamlined?

We enthusiastically endorse the electronic processing of import and export permits, as well as the development of a centralised Single Window system that could streamline most of border controls. This

essential concept has tremendous potential for improving the efficiency and competitiveness of Australian businesses' cross-border trade. We foresee significant time savings and reduction in administrative constraints for traders by moving permission applications and review to a digital platform. The ease of using a Single Window system, which should centralise all government legacy systems, can provide businesses with a streamlined and user-friendly interface for easily submitting and tracking customs declaration as well as permit applications. This information integration across government agencies will encourage greater cooperation and data sharing, resulting in much faster approvals and a reduction in duplication of effort.

Question 18: What global best-practice examples of digital improvements might be relevant in the Australian context?

Australia has an advantageous opportunity to learn from worldwide best-practice examples of digital advancements in cross-border trade implemented to this, laying the groundwork for transformative growth. We encourage the government of Australia to engage in conversations with trading partners on 'lessons learnt' while implementing disruptive technologies for digital trade facilitation.

From the examples worth highlighting, we could bring:

- The success of Singapore's TradeNet and National Single Window, which integrate trade documentation smoothly, promises to simplify import and export operations, increasing corporate efficiency;
- The Port Community System of the Netherlands is an excellent example of reduced customs procedures and coordinated logistics, enhancing port operations and trade efficiency.
- Advances in technology in South Korea's Automated Customs Clearance System help to speed up customs procedures, allowing for faster clearance of low-risk consignments;
- Smart Dubai Platform of the United Arab Emirates: The Smart Dubai Platform integrates numerous government services and allows businesses to manage their trade-related transactions digitally. This one-stop shop improves transparency and simplicity of doing business in the UAE;

Question 19: What are the priority improvements from a whole-of-government digital services perspective you would see delivering early benefits to business?

As an organisation involved in cross-border trade facilitation, we understand that businesses want to see immediate benefits that improve their trading experience. We strongly support the development of 'tell

us once' approach, which will undoubtedly eliminate manual data input and streamline data exchange among government agencies and supply chain actors, based on the principles described. The automation and digitisation of repetitive tasks will surely speed up trade transactions, reduce administrative costs and allow importers and exporters to conduct trade more efficiently. We also recognise the importance of the use of data to improve policy creation and service delivery since evidence-based decisions will better meet trade community requirements. Modern interfaces and better cyber resilience are equally important in ensuring a secure and user-friendly trading environment for SMEs.

Question 20: Do you or your business currently use services like myGovID for digital identification?

N/A

Question 21: How might use of digital identification in cross-border trade interactions impact your business?

The relevance of digital identity in cross-border trade transactions cannot be emphasised. In an increasingly interconnected global economy, digital identification provides a significant solution that streamlines operations, improves security, and promotes smooth trade transactions. Digital identification speeds up onboarding processes by offering a trusted and confirmed form of identity verification, allowing organisations to engage in cross-border trade more efficiently. Advanced authentication mechanisms and biometrics guarantee strong security, protecting against identity theft and fraud. Furthermore, digital identification allows for seamless customs clearance, trade finance, and supply chain activities, resulting in fewer delays and increases overall trade efficiency. It also fosters trust and confidence among business partners, allowing for smoother transactions and better regulatory adherence.

As an organisation committed to promoting seamless cross-border trade, we strongly advocate for the wider adoption of the Legal Entity Identifier (LEI) as the digital identity standard. LEI provides a universal and unique identifier for legal entities involved in financial transactions, offering a standard and trusted method of identity verification globally. Businesses inside our organisation can build a secure and verifiable digital identity by embracing LEI, which simplifies onboarding procedures and reduces administrative complications. LEI's standardised authentication techniques improve cybersecurity by preserving commercial transactions and safeguarding sensitive data. Furthermore, LEI promotes interoperability among various systems and databases, facilitating smooth data sharing and increasing visibility across supply chains.

Question 22: Does the Framework reflect your views of how the Australian Government should approach improvements to the collection and use of cross-border trade data?

N/A

Question 23: Are there benefits or concerns with the sharing of data collected by trade agencies beyond government to facilitate trade (e.g. with foreign governments or third parties that facilitate trade, such as financiers)?

As a membership body we hear from our members very often about the uncertainty related to collection of data. Not only as businesses but as individuals, people expect their data to be collected, stored, shared, or processed in any different way in a transparent manner. The processing should be as well essential and relevant only to the level required to provide public services to the citizens. They are however aware of the value that data sharing brings – contributing to the data economy and further growth that comes from analysing the data. The aspect of data minimisation is important not just for personal data, but also for sensitive trade data.

This concern can be mitigated by implementing data strategy and following the best practices when it comes to data sharing both in B2G and G2G exchanges. When it comes to data sharing with other departments and public bodies, to build trust between stakeholders and to follow golden rules of data sharing – where data is made available only when required. It would be also beneficial to create audit trails that would show how data is used and by who it is processed to ensure that every interaction with data is secure, transparent, and auditable. The personnel that are interacting with the data should be trained in all aspect of data safety and security and their qualifications should be updated as regulations change.

The transparency and security of trade data that is being exchanged is an essential topic when it comes to the collection of data. Many traders raise an issue of possible data leakage, which makes them hesitant to use modern government systems or share sensitive data, or by malicious misuse and making it available to their competitors. To ensure that the gain is bigger than the possible risk, the benefits coming from participation should be greater and bring add-value to the supply chain.

Those concerns can be mitigated by using advanced technologies such as blockchain and distributed ledger technology, Internet of Things, artificial intelligence, and machine learning supported by strong and clear policies and regulations.

Question 24: What benefits might Australian businesses see from a streamlined cargo intervention model? What data can you share with us about your experience with the current model?

N/A

Question 25: What opportunities do you see for industry collaboration and involvement in co-design of the cargo intervention model?

The cargo intervention model offers a wonderful opportunity for industry collaboration and participation in its co-design. The model could be modified to suit real-world trade scenarios and issues by involving important players such as importers, exporters, freight forwarders, and logistics providers. Insights from the industry can be used to design risk-based intervention strategies, streamline cargo inspection processes, and optimise supply chain management as well as address current issues that importers and exporters face during cross-border trade. The co-design approach develops a sense of ownership and accountability by actively involving industry stakeholders, encouraging voluntary compliance and collaboration with government requirements. Collaborative co-design guarantees that the model is adaptable, allowing for quick revisions to respond to changing trade dynamics and emerging potential threats and disruptions to supply chain.

Summary

In summary, the IOE&IT, its members, and the international trade community are keen to work with the Australian Government and the Task Force and ensure co-design across all elements of the future trade environment. IOE&IT are in a unique position to support through our extensive community which includes links to global technology providers and trade experts.

We welcome the engagement and openness of the programmes.

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