Enhanced efficiency
Building a UK border fit for the 21st century

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Foreword

International borders serve as geographic demarcation points between sovereign countries. They are the boundaries which define the territorial jurisdiction of governments and the 'imaginary lines' that distinguish one state from the next. They exist to uphold the laws, values and culture that make up the nations they envelop.

Borders also serve a much more practical purpose too. They are the control points for people, animals and goods crossing from one place to the next. For over two millennia, border controls have been in place to protect the people and resources within a territory. Though the underlying intent has not changed, many of the risks that border controls of the past were designed to manage have evolved.

Today, border controls play a key role in the facilitation of international trade. They enforce customs rules and collect tariffs, verify that sanitary and phytosanitary requirements have been met, and patrol for illegal items and unlawful movement of people and goods.

According to the 2025 UK Border Strategy, UK Border Force clears nearly 400 million tonnes of freight each year, totaling £1.4 trillion in trade. This staggering figure demonstrates the value of trade in the UK and why it is so crucial to ensure the continued free flow of trade, especially as volumes and worth are only expected to rise in the years to come.

However, the methods, technology and regulations that underpin these activities are insufficient to meet the current demand.

Although borders are in place to protect a country, border controls should not be based on protectionist ideology. The UK government has a chance to rethink the traditional methodology of its borders and pioneer a new way of working that maximises opportunity for individuals and businesses while still safeguarding our country.

This report sets out some key recommendations and concrete steps that the UK government can take in the short, medium and long term to start the journey to building a UK border fit for the 21st century that is the most modern, efficient and resilient border in the world.

Marco Forgione, director general, IOE&IT

Summary

- A world-class UK border will drive down costs for traders, increase the attractiveness of the UK as a market, decrease the UK's exposure to negative global economic shocks and unlock new business opportunities for UK firms.

- Government must work closely with industry to identify changes that will bring the greatest border efficiencies. Investment in the border should be driven by real world requirements and provide value for taxpayers' money by reducing costs for consumers and producers, while increasing UK trade, competitiveness and productivity. Moreover, customs arrangements and border authorities must ensure the safety and security of the UK, protecting the environment and reducing the risk of importing products that are harmful.

- Border modernisation requires the government to think beyond the technologies and systems needed to deliver immediate efficiencies and identify the best internal structures to drive through change, while taking advantage of new opportunities. Past experience demonstrates that strong central oversight, decision-making and political buy-in is needed to drive improvement. Piecemeal interventions will fail to deliver on the potential economic benefits and could create new duplication, confusion and uncertainty.

- A successful short-term outcome would see the government embrace existing technologies such as blockchain, artificial intelligence (AI), robotic process automation (RPA), machine learning (ML), optical character recognition (OCR), biometrics, automatic number plate recognition (ANPR), digital seals and a technologically advanced Single Trade Window to address immediate challenges and ensure process optimisation. The accumulative efficiency gains from these technologies would be passed on to consumers and manufacturers through lower prices, faster access to inputs and reduced storage times, as well as increased cashflow and liquidity, reduced risk and lower barriers to trade. This is increasingly important against the backdrop of high global inflation and the need to raise UK productivity. New approaches must also uphold the safety, security and fiscal integrity of the UK.

● In the medium to long term, the UK will have to overhaul its approach to border management entirely, using the Target Operating Model as a base. Interventions should be reserved solely for those movements that pose an acute risk to the UK, with trusted traders able to move goods in and out of the UK with minimum intervention on a risk-based assurance model. As a long-term goal, there must be interoperability between various government systems and the Single Trade Window. This will require regulatory reform, further professionalisation of the customs and logistics sector, and the embracing of new technologies. To fully unlock the benefits of a truly modern border, the UK will also need to internationalise its approach, through new border and customs arrangements with its trading partners.

Recommendations

THE UK GOVERNMENT SHOULD:

》 Create a new, centralised border function at the heart of government, accountable to a new Minister for the Border who is tasked with oversight and overall responsibility for border management.

》 Maximise the benefits of digital trade that will arise from the introduction of innovations such as smart legal contracts and the Electronic Trade Documents Bill, which will enable e-bills of lading.

》 Scale up the Ecosystem of Trust pilots so that they become the basis of future international trade.

》 Introduce a sanitary and phytosanitary (SPS) trusted trader scheme, based on principles detailed in the Ecosystem of Trust submissions.

》 Ensure the development of a Single Trade Window is appropriate to the UK's trade and customs environment, accounting for interoperability with the Customs Declaration Service (CDS), as well as the Trader Support Service (TSS) infrastructure developed to facilitate trade between Great Britain and Northern Ireland.

Introduction

The war in Ukraine, geopolitical tensions and the lingering consequences of COVID-19 lockdown measures have created global supply chain bottlenecks, port congestion, border delays and increased costs for consumers. In the UK, the Bank of England attributed recent high inflation mainly to the crisis-driven changing patterns of global demand and trade disruption[1].

The challenges for UK traders have been exacerbated by the change in the trading relationship with the EU. The new UK-EU trading arrangements means that many goods crossing the UK border are now subject to new checks and controls, and traders are lacking the financial support and access to skills necessary to navigate these new requirements. Analysis undertaken by the IOE&IT suggests that the share of UK businesses trading with the EU has fallen by 1.9% between Q2 and Q3 2022 alone.

The global events pushing up the price of both energy and tradable goods are outside of the UK government's control, but it can intervene to increase the efficiency of its external customs and border regulations to drive down costs for traders. Rapid adoption of new technologies and border processes can help address the cost-of-living crisis by reducing the cost of consumer goods and make the UK border more resilient and able to weather future geopolitical shocks.

To give some idea of the scale of the opportunity, in 2021 £855 billion in goods crossed the UK border, according to the IOE&IT's 2021 report, *Trade Data and Digitalisation*. Yet the introduction of new controls on UK-EU trade under a trade agreement is estimated to have increased trade costs by 3.5%[2]. Other research puts the cost of border delays at 5-6% of overall trade costs[3], not taking into account the costs associated with customs compliance. Even small increases in efficiency (for example, reduced waiting times, increased certainty or reduced paperwork and administration costs) can offer significant benefits – not just to consumers but across the economy. Comprehensive reform that includes linkages to onward logistics could be among the most transformative investment options available to government.

A world-class border will not only help those traders experiencing border frictions for the first time, but it will also allow the UK to capitalise on its ability to forge new trade deals and attract new foreign investors into the UK. As a world leader in customs and border management, the UK would be well-placed to build interoperable systems with new trading partners, reducing costs for UK exporters and importers. Increased border efficiency will also increase the international economic competitiveness of the UK.

As part of its 2025 Border Strategy, the UK government intends to create the most effective border in the world. This is commendable, but domestic and international precedent shows that modernisation of the border is a serious challenge.

Currently, UK border functions are developed and held by different parts of government, at all levels. The Institute for Government states that as many as 36 government organisations[4] and departments are involved in border management and policy, creating multiple (sometimes competing) priorities. While some aspects of the UK border are already relatively effective, this separation can lead to duplication, siloed systems and disparate processes.

Although the delivery function may remain split between different departments, agencies and functions, the border modernisation strategy and overall policy should have central ownership and strategic oversight, under the remit of a new Minister for the Border. A strong figure at the heart of government can balance competing objectives and drive forward the case for ongoing investment. The modernisation process is an opportunity for the UK, but it must avoid the proliferation of competing systems and approaches that could replicate or exacerbate existing problems, rather than resolve them.

[1] Bank of England monetary policy report press conference, Andrew Bailey, May 2022
[2] CEPR (2013), Francois et al. (2013), Carrere and de Melo (2004), Anson et al. (2005), Cadot et al. (2005) and Hayakawa (2011)
[3] Trade data and digitalisation, IOE&IT, February 2022
[4] Implementing Brexit: Customs, Institute for Government, September 2017

Chart 1: Trading across borders score

The chart below depicts the ease of doing business score in economies around the world, which is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ranking takes into account the time and cost associated with the logistical process of exporting and importing goods. It measures the time and cost (excluding tariffs) associated with three sets of procedures – documentary compliance, border compliance and domestic transport – within the overall process of exporting or importing a shipment of goods.
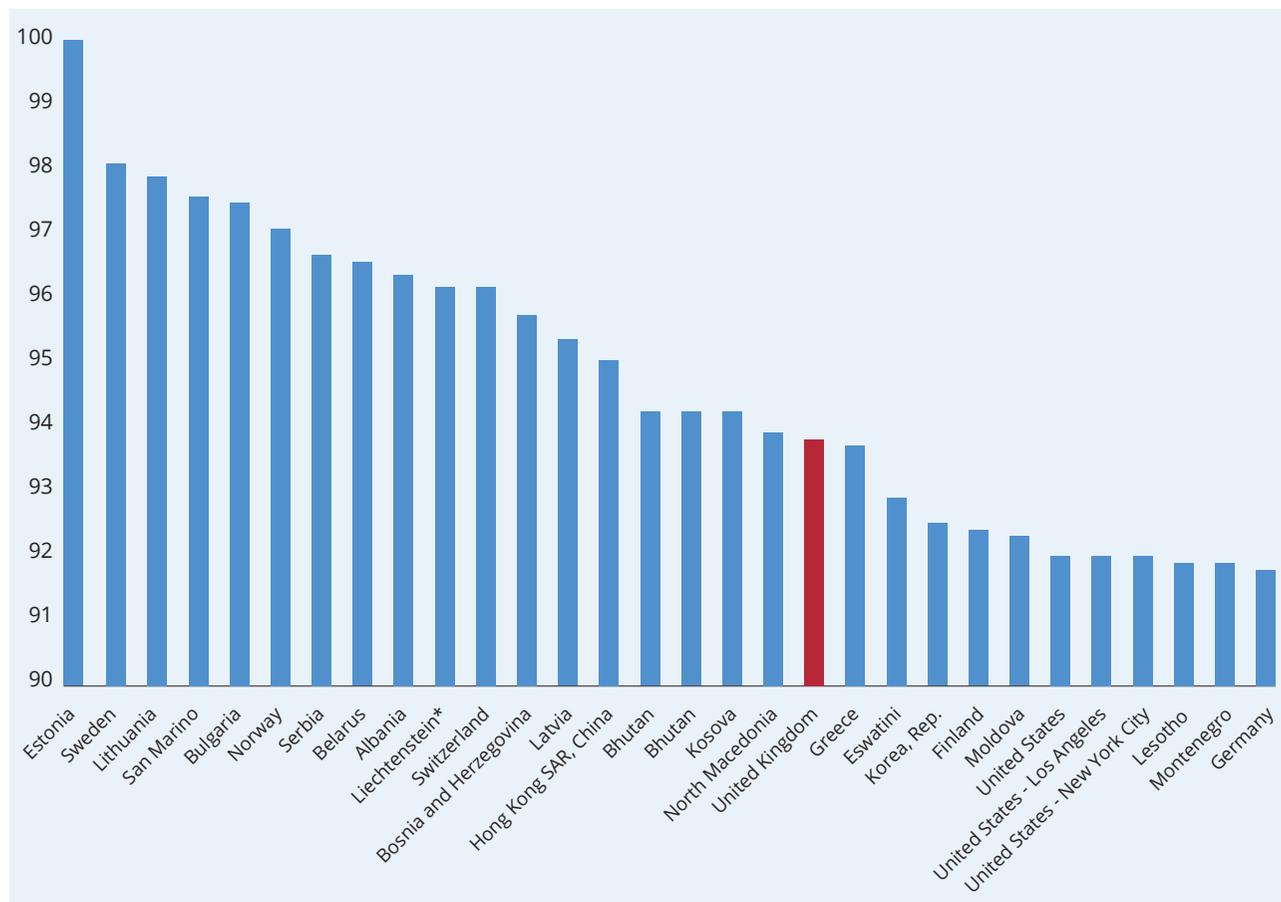
Source: Trading across Borders. The World Bank Doing Business Report (2019).

The purpose of the border

As a pre-determined point of entry, often at the periphery of a country's physical territory, the border is the logical place to stage an intervention in the event of suspected threat. Commercial considerations – such as reducing the cost, time and administrative burden of moving goods across borders – are balanced against ensuring the fiscal and regulatory integrity of the UK's territory, policing immigration and addressing security concerns such as people smuggling, drug trafficking, terrorism and other crimes.

To varying degrees, all governments impose border obligations on traders to mitigate these risks. These include requiring importers and exporters to provide detailed product information, health certificates and security details. In some instances, goods – particularly prohibited and restricted products such as meat and shellfish – are physically stopped and inspected at the border.

Solutions

Effective risk management need not be synonymous with inefficiency. A successful, modern trade border is one which allows goods to move freely while delivering – to the greatest extent possible – on all other government priorities.

Government must work closely with industry to understand how businesses interact with the border in practice. It has made commendable steps to do this – for example, in using consultations and workshops to ask for views on the Target Operating Model. Real-world problems should be prioritised through a bottom-up, rather than top-down approach. Continuous engagement is needed to ensure that only the best value interventions are taken forward while unforeseen consequences and inadequate interventions are avoided.

Sitting beneath this, the UK government should divide its focus into five, complementary, workstreams:

1 **New technology and systems.** Border modernisation requires the UK to lean more heavily on technology and systems-based approaches. In the short term, this means greater reliance on existing approaches and technologies such as automatic number plate recognition and e-documentation. At the same time, the government should prepare itself to embrace future opportunities unlocked by technologies and systems such as smart contracts, trusted trader schemes, OCR, e-invoicing, blockchain-based supply chain visibility and interoperable technologies, the Ecosystem of Trust pilots, Single Trade Window and the increased integration of pre-existing commercial data into border management systems.

2 **Regulatory change.** The regulation that underpins the UK's border management processes is no longer fit for purpose and lacks the agility needed to adapt and respond to the rapidly evolving manner in which international trade is conducted. To address this, the UK should introduce a new regulatory framework that embeds and encourages continued innovation, testing and modernisation.

3 **Investment.** As well as investing heavily in projects that deliver on immediate UK border needs, the UK should create a longer-term funding model that incentivises novel approaches, research and applied testing in government agencies and private sector firms operating at the border.
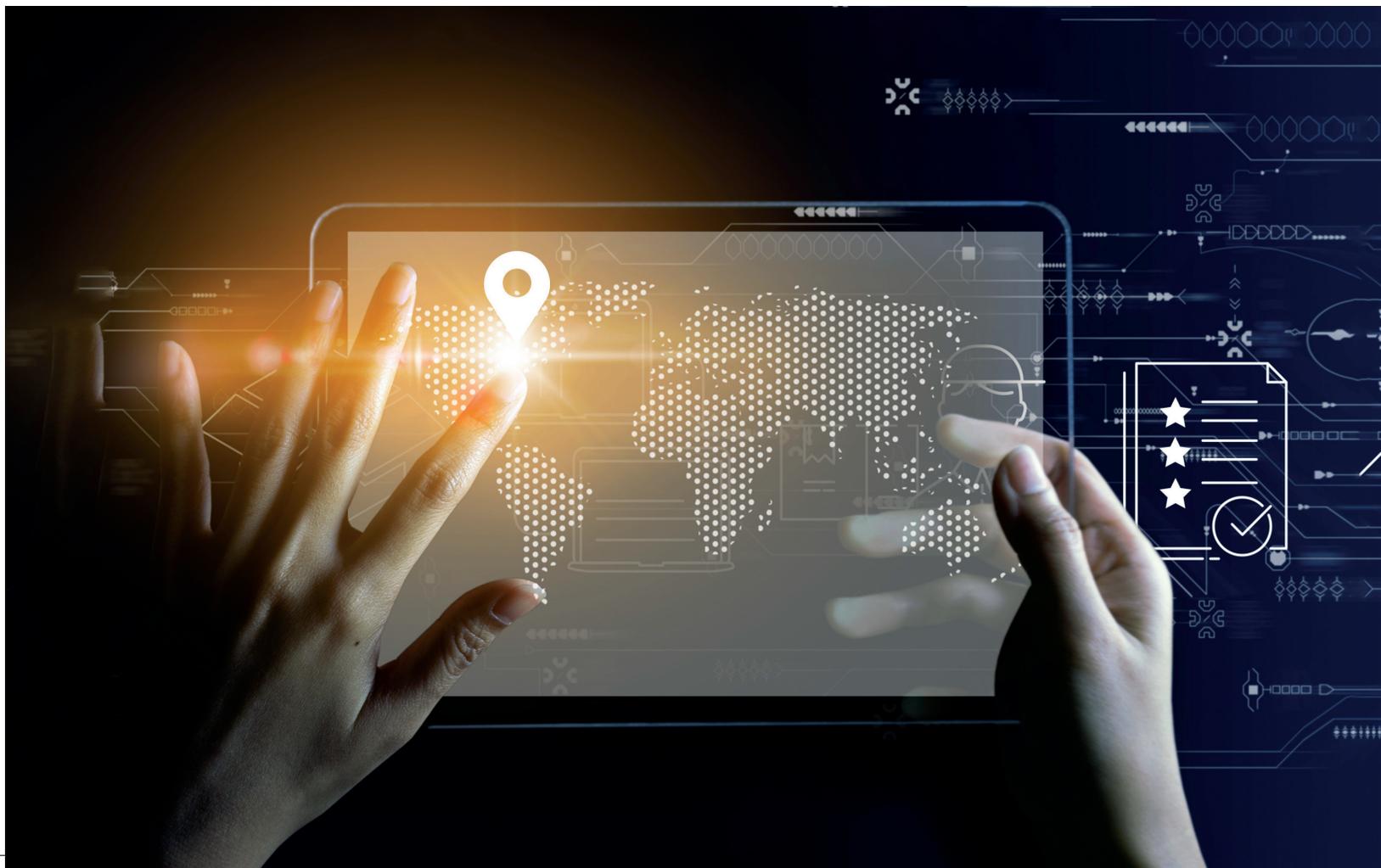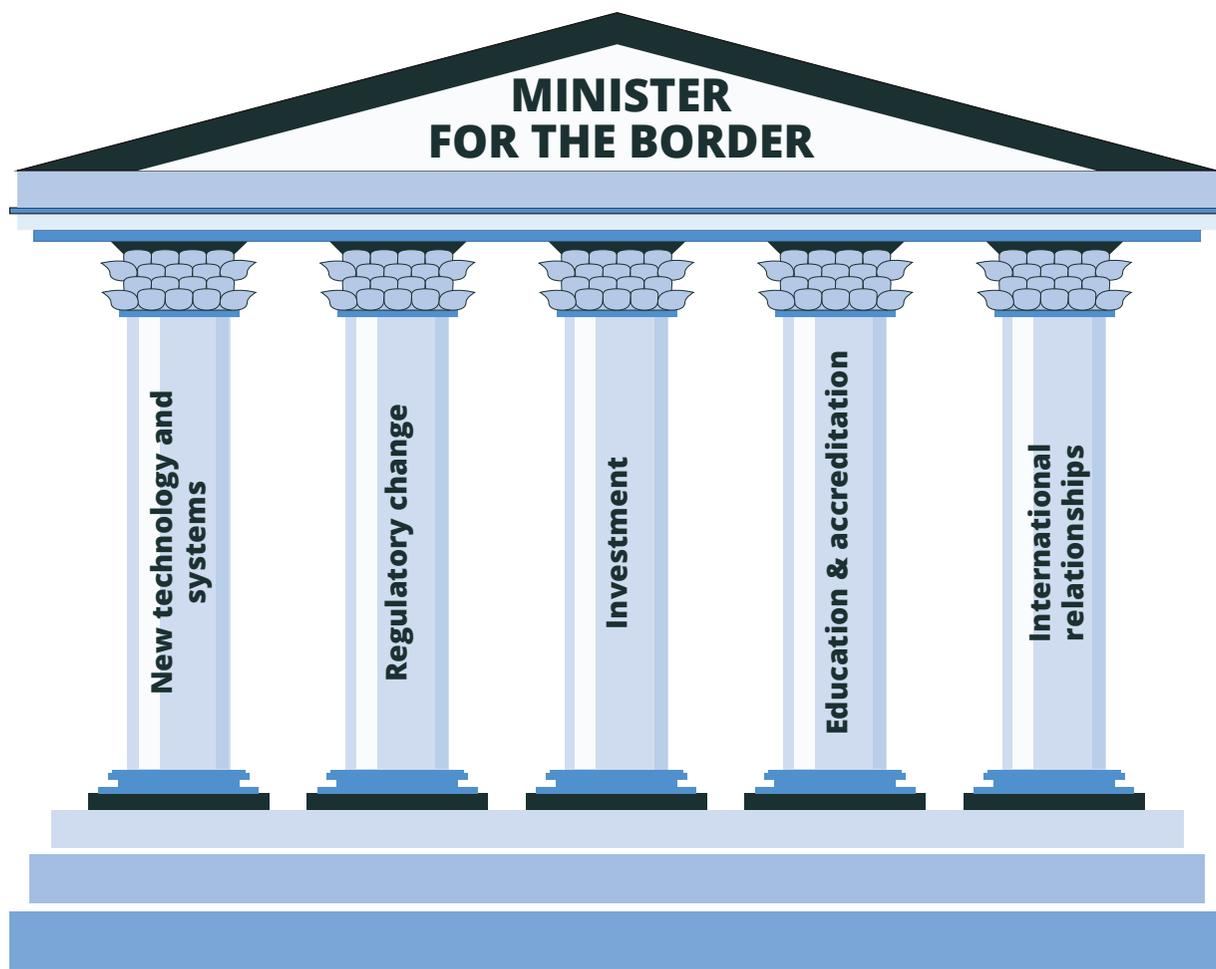
4 **Education and Accreditation.** As the border changes, so will the requirements placed on those moving goods across it. A fresh emphasis should be placed on border education and ongoing learning, facilitated through the further professionalisation of the customs intermediaries sector and the introduction of a new professional qualification for customs brokers. The IOE&IT, for its part, is partnering with various global institutions including the World Trade Organization (WTO), the International Trade Centre (ITC) and the International Chamber of Commerce (ICC) to launch several learning initiatives aimed at supporting traders. Topics include paperless cross-border trade, the WTO and ICC's *Digital Standards Initiative*, and the implementation and use of a Single Trade Window, with specific resources for micro, small and medium-sized enterprises (MSMEs) and women in trade – two groups who often face inequalities and vulnerabilities in international trade.

5 **International relationships.** Unilateral border modernisation efforts can only go so far. True trade facilitation also requires cooperation and co-development with other nations so that UK systems are truly interoperable with third party systems. Here the UK should advocate progress on border cooperation at bilateral and multilateral levels to ensure mutual benefit and further efficiency gains. This can include agreements on digital trade corridors and conformity assessment.

With that in mind, this report identifies several practical opportunities for the UK to modernise its border in a way that addresses both immediate challenges and establishes the UK as a global leader in the delivery of a world class border fit for the future.

MINISTER FOR THE BORDER

- New technology and systems
- Regulatory change
- Investment
- Education & accreditation
- International relationships

24/7

Pillar one: New technology and systems

Technological improvements have already delivered significant efficiency gains for the UK's border. Most declarations are now presented electronically, allowing for pre-notification and pre-approval, data-led approaches to risk-management and intervention, as well as a general reduction in physical checks at the point of exit or entry.

But as technology advances, new opportunities for border improvement will arise. Ultimately, the UK should aspire for a border which is near-frictionless for trusted traders, with interventions reserved solely for movements and consignments that pose a tangible security, regulatory, health and safety or fiscal risk to the country.

With a focus on solving specific issues facing traders now, and positioning the UK to take advantage of future opportunities, we have identified the following problems and potential solutions:

Data entry and utilisation efficiency
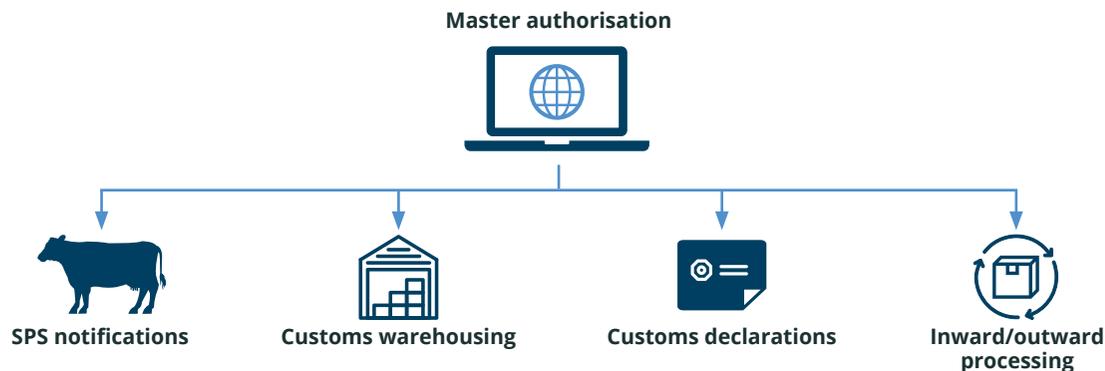
The problem/opportunity:
Border facilitation programmes such as the simplified customs declaration process (SCDP), SPS notifications, customs warehousing, and inward and outward processing all require separate applications despite asking for lots of the same details and information.

Additionally, traders must submit no fewer than fifty data points on average for each consignment, including product details, contact details for the supply chain actors and provenance. Currently importers must create new declarations from scratch for each consignment, inputting the same information which in many instances remains the same for recurring shipments.

These inefficiencies lead to unnecessary duplication for traders, which costs time and money.

The short-term solutions:
- In the short-term, the UK should **introduce a master authorisation**, that would sit above and be linked to all other border facilitation programmes. Upon completion of the master authorisation application, all other linked programme applications would be pre-populated with the shared information. This would reduce duplication, cut down on data entry errors between applications and minimise administrative costs when applying for these programmes.

Master authorisation

| SPS notifications | Customs warehousing | Customs declarations | Inward/outward processing |

- To facilitate the population of declarations, the government should encourage traders to adopt international standards for trade documents. The WTO and ICC have created a *Standards Toolkit for Cross-Border Paperless Trade*, which outlines best practice for many of the most common trade documents. If traders make use of standardised document templates that have consistent fields, data can be more easily extracted with technology such as OCR. Until information can be fully exchanged and accepted in digital format, **OCR can be used to draw data from standardised documents such as commercial invoices, licences and paper certificates, to be used to pre-populate declarations**.

The medium- to long-term solutions:

- **Commercial invoices should be reimagined entirely.** Data should be captured at the point of entry and, considering commercial sensitivities, automatically shared with relevant supply chain actors and government officials in the exporting and importing countries. Such an integrated approach could, in practice, remove the need for separate customs and other regulatory declarations entirely.

- **Real-time trader data** could create additional benefits for UK business if made openly accessible. Existing government monitoring tools – such as the Border Flow Service – should be made accessible to traders. This would allow firms to accurately monitor border flows to predict peaks and troughs, enabling them to schedule import or export movements for non-peak times or adjust staffing levels at port-adjacent service stations and food outlets, among other things.

Consolidated and future-proofed systems
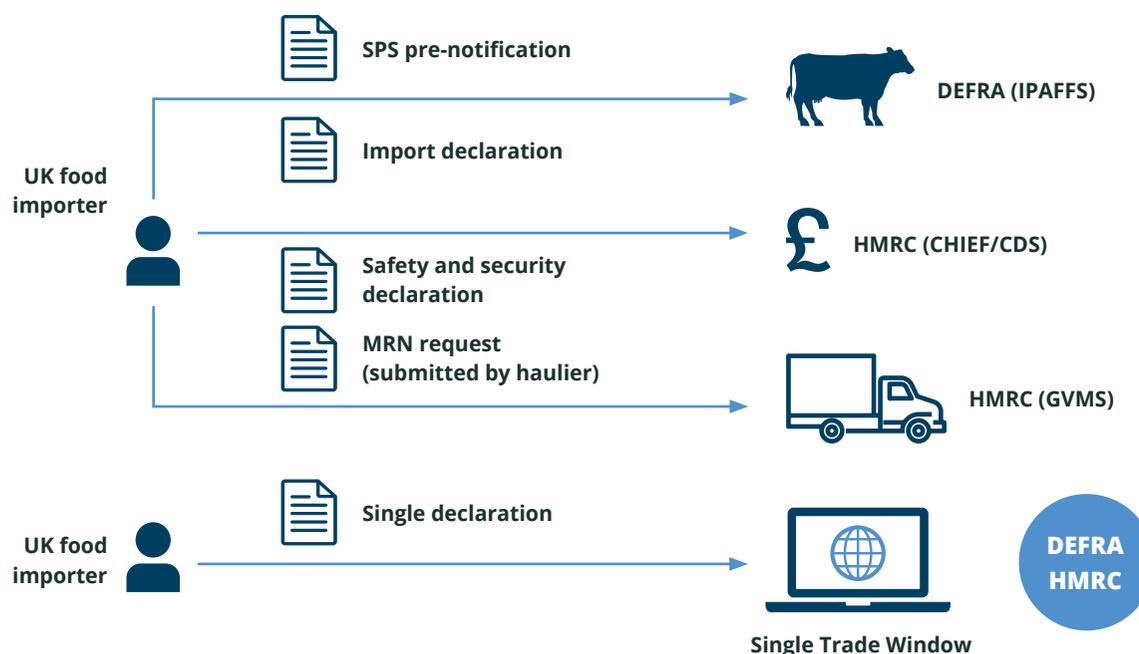
The problem/opportunity:
Traders currently must interact with numerous different systems, most of which require identical information from them, when moving goods in and out of the UK – for example, the Imports of Products, Animals, Food and Feed System (IPAFFS) and the CDS. Having to complete duplicate information submissions – often in differing formats – is a significant administrative burden for businesses both large and small.

The short-term solution:
- A UK-wide **Ecosystem of Trust**, in which trusted traders with an exemplary trading history – subject to the provision of sufficient information – are no longer subject to controls at the border nor required to make regular import or export declarations. Beginning with customs declarations, the approach could be extended to the movement of prohibited and restricted goods, such as SPS movements (see below). Entering existing information gathered from the end-to-end process of producing agri-goods (e.g. veterinary visits or location of farms) onto an open source digital system, that border officials can check into, could provide far broader information than the current snapshot provided through documentation. Using existing information would reduce costs for businesses but could provide greater assurance for government. In the case of the TSS infrastructure developed for trade between Great Britain and Northern Ireland, a potential template has been created whereby reduced datasets have been applied to ensure the efficient flow of goods, with the focus on goods arriving quickly at the destination.
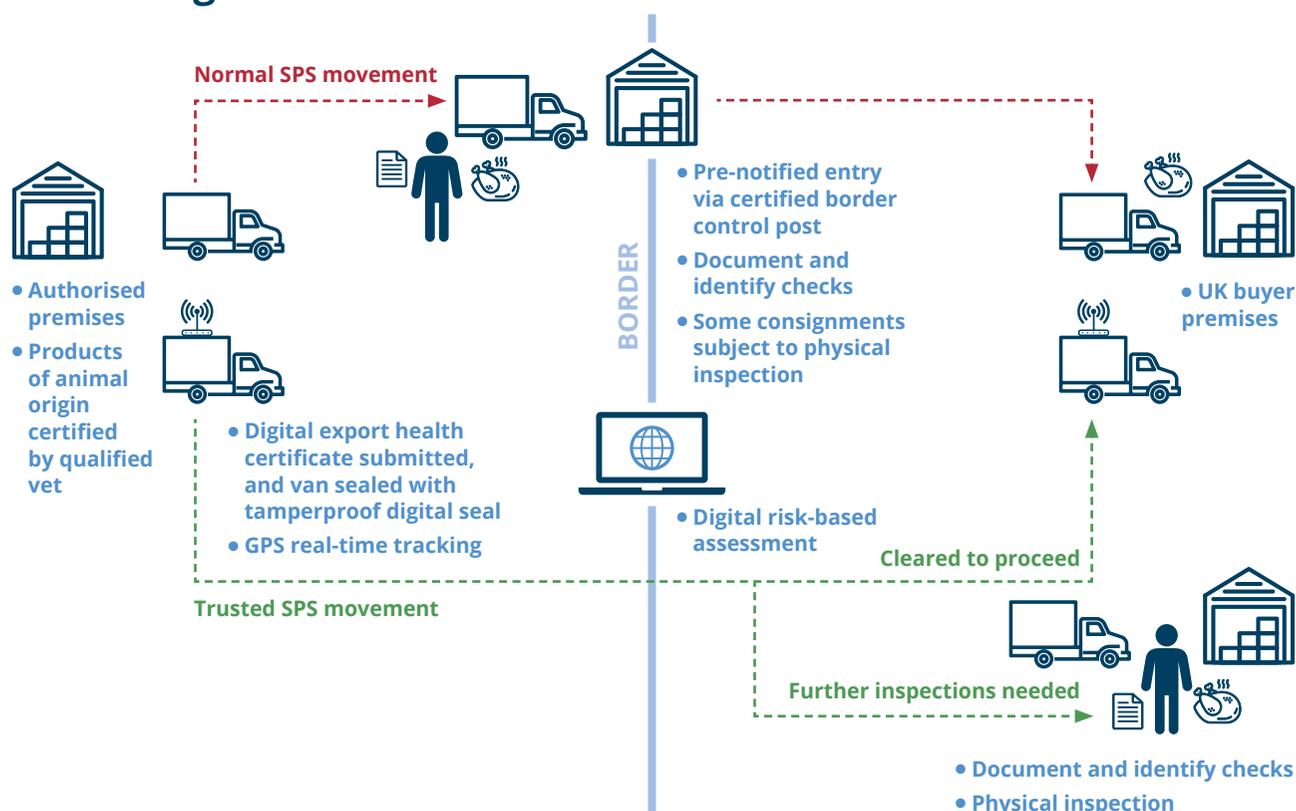
The medium- to long-term solutions:
- The UK has **committed £180 million to developing a Single Trade Window**, which would allow traders to submit information once via the "Tell us once" approach, through a single online portal. The benefits of a Single Trade Window can be maximised by utilising existing data sources provided by proven HMG suppliers, including but not limited to suppliers to Cabinet Office, Defra, HMRC, and Home Office. Successful pilot projects for the Ecosystem of Trust Trusted Trader scheme could also be absorbed into the design of the Single Trade Window to expedite its development.

- Ensure the development of a **Single Trade Window that is appropriate to the UK's trade and customs environment**, noting the importance of implementing interoperability between any new development and existing platforms, such as CDS and TSS. The systems must communicate with each other and data entered into the Single Trade Window must pre-populate in the other systems, enabling a single-entry solution. The government will need to ensure these programmes are appropriately funded and establish a monitoring body to bring in the latest innovations and ensure that the solution remains best in class.

> **The UK has committed £180 million to develop a Single Trade Window, which will allow traders to submit information once**

Technologies for trusted movements

Normal SPS movement

- **Authorised premises**
- **Products of animal origin certified by qualified vet**

- **Digital export health certificate submitted, and van sealed with tamperproof digital seal**
- **GPS real-time tracking**

Trusted SPS movement

BORDER

- **Pre-notified entry via certified border control post**
- **Document and identify checks**
- **Some consignments subject to physical inspection**

- **Digital risk-based assessment**

Cleared to proceed

- **UK buyer premises**

Further inspections needed

- **Document and identify checks**
- **Physical inspection**

The problem/opportunity:
Risk goods, including imported animal products and plant products, are usually subject to stringent controls. The requirements for bringing products of animal origin into the country include document checks, identity checks and physical inspections. Imports must be accompanied by an export health certificate (EHC), which needs validation from an official vet in the country of origin and can only be sourced from facilities authorised by UK authorities. Plants and plant products require a phytosanitary certificate (PC) which requires validation from the National Plant Protection Organisation (NPPO). The UK intends to introduce a new, less burdensome SPS border regime by 2023 as part of the Target Operating Model that could be applied universally. This would help reduce trade barriers with non-EU partners and allow the UK to apply a full third country SPS regime to imports from the EU.

The short-term solutions:

- Digital seals (or e-seals) are a **tamperproof sealing device with a radio-frequency identity (RFID) chip inside** that contains electronically stored information about the product being exporter or imported. They could be used to track, in real-time using GPS, SPS consignments from the moment they receive veterinary authorisation in the country of export to when they are in the possession of the UK buyer. The digital seal would alert the authorities in the event of unauthorised access (in which event they could intervene inland at the trader's premises).

- Digital seals would allow for **increased visibility for officials on both sides of the border**. This would contribute to a heightened environment of trust and reduce risk to the UK without the need for intrusive interventions at the border. Furthermore, if proof

of concept is demonstrated via imports into the UK, the government could work with its international counterparts to apply the same processes to British exports.

- Digital seals also have benefits beyond SPS. They could also be **used by hauliers utilising transit procedures** and remove the need for transit documentation to be presented when entering a new customs territory.

- Digital tracking could be **supplemented with automatic number plate recognition and driver facial recognition technologies**, which would facilitate real-time tracking of goods throughout their entire journey, enabling greater assurance of their provenance, safety and compliance with UK regulations.

The medium- to long-term solutions:

- Longer-term, **technology could be used to alleviate the administrative burden** further. The use of 360-degree video cameras could allow for the remote inspection of locations for site audits, veterinary clearance and authorisations.

- Beyond information on country of origin or health status of agri-food products, blockchain and distributed ledger technology could **provide information on allergens, methods of production and any quality assurance marks**. For other consumer goods, they could provide consumers with assurance of a genuine, authentic branded product (thereby reducing IP and copyright infringements) and assurances that products were ethically made or sourced.

- Information provided through blockchain and distributed ledger technology can provide commercial benefits – for example **enhancing logistics operations**, with significant potential benefits for efficiency and productivity; e.g. a manufacturer who receives early notification about delays to a shipment may be able to re-order a production run and avoid wasted time. They could also be used for marketing purposes – guaranteeing the provenance and treatment of specific goods (e.g. organically farmed lamb in the Welsh saltmarshes) – or to track sustainability commitments within the supply chain.

Case study: Kenya's Single Trade Window

Kenya's Single Trade Window allows traders to submit one-off submissions of pre-arrival and pre-departure declarations, including cargo and general declarations, declaration for ship storage, controlled goods manifest, crew's effects declaration, passenger and crew lists to the government agencies at Mombasa port. It aims to drastically cut turnaround time for shipping, loading and documentation inspection, thereby easing traffic flow at key trading ports. By ensuring data – including on SPS goods – is open and easily accessible, and linking the Single Trade Window to new enhanced border infrastructure, the UK customs community should be able to package and manipulate data in useful and helpful ways, particularly in the identification of high-risk traders, journeys and goods.

Pillar two: Regulatory change

The regulation that governs UK border management is too prescriptive and does not readily accommodate the adoption of new technologies and approaches to managing risk. For example, the UK's Ecosystem of Trust pilot requires participants to submit paper-based documents and adhere to statutory border procedures in parallel to the new approaches they are trialling, thereby doubling the efforts required.

Incoming UK legislation giving electronic trade documentation the same legal status as their counterpart paper documents is a positive step. If the UK is to develop and sustain a modern border, it must be underpinned by a flexible regulatory approach that incentivises and simplifies testing and innovation, as well as allowing businesses to implement digital transformation of their services.

A Future Borders Bill

The problem/opportunity:
Regulation is preventing the adoption of new technologies and approaches to border management. Changing requirements for the transit document barcodes that are scanned on entry to the UK would allow alternatives, such as GPS tracking, to be adopted. Adjusting existing rules requiring intervention at the port-of-entry would allow adoption of trusted trader-based alternatives for standard SPS movements.

The short-term solutions:
- The UK can **utilise flexibilities within the existing rules** to accommodate new approaches, using secondary legislation when necessary to tweak, for example, customs rules under the *Taxation (Cross-border Trade) Act 2018*.

- Introduce an SPS trusted trader scheme, based on the principles detailed in the Ecosystem of Trust submissions. Allow for traders to **take advantage of existing derogations** for SPS goods entering from the EU to test and evidence alternative approaches, such as those presented in this report. Giving traders that move plant and animal products the option to become trusted traders will give them access to 'fast-track' customs procedures, allowing them to avoid burdensome import or export processes. This can be built out of the existing Ecosystem of Trust pilots.

The medium- to long-term solutions:
- A proposal for a *Future Borders Bill* that provides a permanent legal basis for government and officials to innovate, pilot and incorporate modern approaches to border management. This will bring together cross-government strategic thinking on the approach to the border into a single piece of legislation. Moreover, after the necessary infrastructure and processes are in place, legislation should outline a transition to the fully electronic input and use of trade-related data. Electronic data is more cost-effective, thereby making trade more accessible for small businesses, but also more environmentally friendly, helping to achieve Sustainable Development Goals (SDGs).

> ## The recent Electronic Trade Documents Bill will place electronic documents on the same footing as paper-based equivalents

- Maximise use of digital trade that will arise from smart legal contracts and the **Electronic Trade Documents Bill**, including e-bills of lading. According to the IOE&IT's *Trade Data and Digitalisation* report, digital trade can encourage exports by easing access to trade finance, introducing universal handling of documents and increasing the interoperability of systems[5]. The recently introduced *Electronic Trade Documents Bill* will place electronic trade documents on the same footing as paper-based equivalents, increasing efficiency, lowering costs for traders and reducing environmental impacts. The government should promote these steps to digitalise trading processes in order to encourage non-exporting businesses to start trading internationally. Where possible, the UK should adopt international digital standards and embed these principles in the design of new regulations so as to promote interoperability globally and to avoid creating 'digital islands.'

Case study: Swiss approach to hormone-treated beef

Some countries provide novel approaches to regulation that facilitate the movement of trade in goods across borders. For example, Switzerland exercises its independent trade policy by disapplying EU SPS rules on one product – imported hormone-treated beef. This is because the application of the ban would cause Switzerland to breach its WTO obligations (the EU has lost a WTO dispute on this issue but persists with the ban). In practice, Swiss rules place stringent conditions on importers of hormone beef across its borders. These include special tamper-evident labels on boxes of beef packaging, such as pressure-sensitive labels that bear the official USDA inspection legend in the case of beef not produced according to the EU Non-Hormone Treated Cattle programme. Therefore, the EU does not inspect Swiss beef exports at its frontier with the bloc, as it trusts Switzerland is not, in effect, a backdoor to the EU's single market. This is an example of regulatory innovation that respects international trade rules without inhibiting the flow of trade.
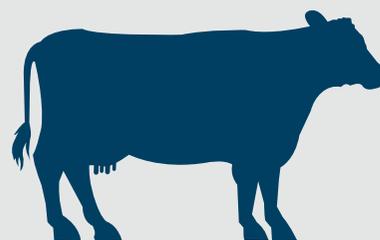
[5] Trade Data and Digitalisation, IOE&IT, March 2022

Pillar three: Investment

In response to Brexit, the UK invested £400 million towards upgrading port infrastructure and building inland clearance facilities, £113 million on support for traders and over £500 million on supporting companies moving goods between Great Britain and Northern Ireland[6].

The government has subsequently earmarked £180 million for further border modernisation and the development of a Single Trade Window. This is a positive step, but the long-term level of ambition and funding requirements should ultimately be determined by trader needs and the benefits that investment in the border can bring to the UK, as well as to the government, which is contending with and coordinating various agencies. A transparent and careful consideration of how funding for further modernisation will be decided, structured and allocated will make plans for modernisation sustainable, while enabling the border to realise its long-term potential. We recommend close consultation with industry to understand trader 'pinch points' and training needs that will help determine whether investment offers value for money.

The problem/opportunity:
To deliver a truly world-class border, the UK needs to extend its existing strategy beyond 2025, with a clear and well-funded roadmap. Existing industry initiatives such as the Ecosystem of Trust pilot have an important role to play, but broad involvement (including from MSMEs) and high levels of ambition require commensurate investment.

The UK should consider providing grants to incentivise R&D into new technologies through for, example, Innovate UK. Central oversight and a long-term approach will help ensure funding is allocated effectively and strategically, with coordination rather than competition between proprietary systems.

The short-term solutions:
- The government should consult with industry to understand what has worked and any **lessons learned, from support and webinars given to traders as part of the Brexit process. It can then devise a plan for further trader support** once the Single Trade Window and, if the pilots are successful, the Ecosystem of Trust go live.

- **Scale up the Ecosystem of Trust pilots** whereby they become the best practice for building business-to-government trust in legitimate trade. The government should assess how pilots, which are currently focused on specific ports and commodities, can be effectively scaled up across all ports and commodities, without resulting in traders having to navigate a complex landscape of commercial solutions at different ports. The government should scale up these programmes, allowing a system underpinned by data, technology and trusted relationships to deliver improved flow of goods and thus become the basis of robust trading processes.

The medium- to long-term solutions:

- The government should **identify which aspects of the 2025 Border Strategy (and any other measures under consideration) it will take beyond 2025** and provide a clear commitment to how funding will be decided and provided. This will ensure modernisation can continue under future administrations, encouraging innovation without duplication of pilots and funding assessments.

- The government should **continuously work with businesses** using the border to understand their requirements and set a clear route to providing funding where improvements will offer significant benefits. For example, where additional training is required to support new systems, this should recognise the different volumes and types of trade passing through regional ports, customs control offices and border control posts (BCPs) around the country.

[6] The UK border: Post UK–EU transition period, National Audit Office, November 2021

Pillar four: Education and accreditation

In recent years trade policy has risen in prominence in the political debate and also within businesses that trade internationally – particularly those that had never traded on 'rest of world' terms prior to Brexit. The government reacted by creating support schemes aimed at educating traders on the practicalities of import and export processes. For example, HMRC's grant scheme for customs training was welcomed by the IOE&IT and its members for increasing knowledge and skills in what is an increasingly professional career. However, trader education is not something government can achieve alone which is why the IOE&IT, for its part, has supported businesses through its HMRC-backed UK Customs Academy, EU Customs Academy and Global Customs Academy.

Government should also instil and foster a culture of learning about and gaining expertise in border and customs processes, for example by encouraging the professionalisation of trade practices and professions. Our proposed solutions would help to bolster the UK's collective trade expertise but also create international opportunities for UK providers to share their expertise around the world.

UK's collective trade expertise

The problem/opportunity:
Many businesses find themselves having to contend with import and export processes for the first time, as a result of our new trading arrangements with the EU. They are not currently equipped with the knowledge to do these properly. Building expertise in trade and customs in industry will provide the knowledge that will not just help them trade with the EU, but across the world, helping the UK achieve its 'Global Britain' ambitions.

**The short-term solutions:**
- The IOE&IT encourages **continued government support for technical assistance** to individuals involved in international trade. The IOE&IT would welcome expanding opportunities to assist traders and intermediaries such as the Export Support Service and Trader Support Service.

- Investment in education and training to coincide with the launch of national legislation, international standards and recommendations. For example, the UK *Electronic Trade Documents* Bill and the WTO-ICC *Standards Toolkit for Cross-Border Paperless Trade*.

The medium- to long-term solution:
- The IOE&IT would like to see the government pledge support for **promoting customs-related roles as an attractive career path**. Supporting programmes, such as apprenticeships, that inspire young people to pursue customs expertise as a career will help to address skills gaps, especially post-Brexit. The IOE&IT would be pleased to work with the government to devise or advise on such programmes.

Case study: IOE&IT's UK Customs Academy

In September 2019, the IOE&IT and KGH Customs launched the UK Customs Academy – a new global e-learning platform for customs, logistics and international trade compliance. Through the UK Customs Academy, individuals can undertake digital training on core aspects of customs, such as rules of origin, tariff classifications, temporary admission and export controls. Graduates have reported internal progression after taking our courses, including pursing new roles and moving into management positions, as well as external opportunities, such as attracting new business and creating new consultancy companies.
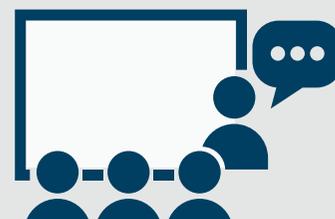
The UK Customs Academy represents a learning ecosystem for the customs profession that is able to support individual and corporate members across different organisations with lifelong learning. Built on a modular structure, it allows the learner to access modules of relevance to their professional area of interest and level of development, without the need to undertake a formal qualification.

On the back of the successful long-term partnership between the IOE&IT and KGH Customs, new academies were also established in February 2022 for the EU and at a global level.

Customs intermediaries

The problem/opportunity:
There is still insufficient knowledge and understanding among intermediaries and the users of their services. Traders are often not equipped with the information they need to decide whether engaging an intermediary is appropriate for their business. Moreover, the increase in intermediaries on the market in recent years has led to, in some instances, less-than-adequate quality of services in this space and incorrect advice. Increasing the quality of intermediaries will help UK firms trade all around the world.

The short-term solution:
- Traders must have information at their disposal that empowers them to understand the merits of using intermediaries and whether engaging them is the best option for their business, or whether self-service processes are more appropriate. The government should work with business representative organisations such as the IOE&IT to **develop and refine guidance – such as webpages, webinars and workshops - for traders** prior to dissemination.

The long-term solution:
- Professionalising the role of intermediaries through the **introduction of an accredited customs broker qualification administered by the IOE&IT**. We see this being a voluntary qualification that ensures the quality and expertise of intermediaries, thus giving traders the opportunity to choose the type of service that is right for their particular business.

Case study: Customs broker arrangements in the United States

In the US, customs brokers are individuals or businesses licensed, regulated and empowered by Customs and Border Protection (CBP) to assist importers and exporters. Brokers must have expertise in the procedures, admissibility requirements, classification, valuation, rates of duty, and applicable taxes and fees for imported goods. Becoming a licensed customs broker involves taking an exam and receiving the approval of CBP.

While the IOE&IT does not advocate the mandatory accreditation of customs brokers, it is our view that giving brokers the option to professionalise their services will increase the quality of services on the market as a whole and hold intermediaries to a high standard.

Pillar five: International relationships

There are two sides to every border. Governments rely on a range of agreements to ensure they function effectively.

Free trade agreements and other bilateral customs arrangements (such as Customs Cooperation and Mutual Administrative Assistance Agreements) can help smooth the flow of trade across borders. Parties can agree to mutual facilitations (such as reduced paperwork) and work together to resolve any problems that arise at the border.

A world-class border will reduce indiscriminate non-tariff barriers to trade, increasing the attractiveness of the UK as a partner for new agreements. Government will be able to be more targeted in its objectives and have additional capital in trade negotiations if it can demonstrate it is further ahead of the other party on border facilitations. An advanced border paves the way for bilateral interoperability agreements that can significantly reduce trade barriers. All of this can help the UK achieve fundamental goals of trade policy – cheaper imports for consumers in chosen sectors, controls over higher risk imports and additional markets for exporters.

Some approaches to national frontiers are determined by international conventions or treaties, such as the Common Transit Convention, which temporarily suspends payment of duties until they reach their final destination. UNCTAD forums – such as the National Trade Facilitation Committee Global Forum – are also valuable as they provide space for UN members to come together to agree trade facilitation objectives as well as to monitor implementation of the WTO Trade Facilitation Agreement. Intergovernmental forums such as the World Customs Organization (WCO) set standards for trade data through the WCO Data Model, with the aim of achieving international data harmonisation. The UK border adopting this data model would enable it to interact more easily with international border systems and is particularly crucial for the international interoperability of technologies such as the Single Trade Window.

Establishing the UK's independent trading 'voice' on the international stage

The opportunity:
The UK has now established its own independent voice on the international stage and can take the lead in policy debates. For the first time in decades the UK has control of its trade policy and can leverage this to deliver for UK businesses and traders.

The short-term solutions:
- The UK's teams at international forums should **step up their engagement with the UK business community**. For example, the UK Mission to Geneva, which handles our relationship with the WTO, should redouble its efforts to speak to the UK trader community about relevant issues, such as trade facilitation. This could be done through maximising engagement in the National Trade Facilitation Committee and ensuring its representation of industry sectors remains broad and relevant, reflecting companies involved in the development of innovative border industry technologies.

Pillar five

- **Deliver on obligations outlined in existing trade agreements** such as the *UK-EU Trade and Cooperation Agreement* – especially those that were hard-won by the UK, such as the agreement to implement the WCO's 'your export is my import' principle to automate the exchange of trade data between the exporting and importing countries, improve the reliability of this data exchange, identify trade anomalies and prevent fraud. This would help to build confidence in our international partners that the UK respects the international rules-based trading system. Moreover, the UK should focus on the utilisation of those agreements that are already signed and have provisions on digital interoperability.

- The UK should **promote the digitalisation of trade documentation and the use of globally recognised standards at international forums** governing international conventions that stipulate the need for paper documentation, as well as seeking bilateral arrangements to trial e-documentation. For example, the UK is trialling the use of electronic EHCs with New Zealand and should seek to expand these bilateral arrangements to other priority trading partners, particularly EU member states.

- The UK has indicated a strong desire to **increase its presence and influence in relevant international committees** at the WTO and WCO. It should seek to quickly identify committees due for re-election over the next five years, while outlining a roadmap for how to influence them or secure support for chairmanship.

The medium- to long-term solutions:

- Use **international forums such as the WCO and WTO** to build relationships with like-minded partners such as Singapore, in order to test new approaches and to glean or share best practices, including on the Single Trade Window.

- The UK should seek to **influence agreed working texts** and ensure these are ambitious while respecting the resourcing and capability constraints of less developed countries. Partnerships formed here could also prove a useful basis for testing the appetite for pilot projects. Lastly, the UK should seek to amplify its work through WCO and WTO communications and news publications so as to cement itself as an influential actor and credible candidate for chairmanship of committees.

- Building on the paperless trading provisions of the *UK-Singapore Digital Economy Agreement*, the UK should develop new bilateral partnership models that both deliver day-one practical outcomes for traders, but also embed frameworks for long-term border co-operation and testing of new technologies.

- A world-class border will help the UK encourage other countries to advocate additional facilitations and interoperability provisions in future trade negotiations.

Case study: Australia and New Zealand's 'Green Lane' for mail

Customs authorities face significant challenges when ensuring the tax and customs compliance of e-commerce goods. A trial conducted by the customs authorities of Australia and New Zealand sought to leverage data obtained from e-commerce platforms to carry out pre-arrival risking and to ensure targeted items could be effectively identified on arrival at mail facilities. Aside from encouraging the uptake of similar methods among WCO members, Australia and New Zealand were able to establish themselves as leaders in this area by promoting their work through the WCO's news publication.

The UK should likewise, when undertaking trials or pilots, seek to amplify its work through announcements at the WCO and WTO and through their respective communications or news publications. This would further establish the UK's position as an influential actor, making nomination to (and wider support for) chairing key WCO and WTO committees more likely.

Joined-up government

The problem/opportunity:
While the Border Protocol Delivery Group (BPDG) had a clear remit for the delivery of Brexit preparations at the border, it is now less clear how relevant departments and their portfolios interact. This is highlighted by the BPDG's multiple name changes and multiple consultations on the Ecosystem of Trust and Single Trade Window, for example, that were badged under different departments (or in some cases, jointly). This risks a loss of accountability and duplication of efforts in different departments.

The 2025 Border Strategy referenced a new Border Design Authority. It is chaired by the Cabinet Office's Border, Trade and Brexit Opportunities Unit and made up of senior officials from departments including the Cabinet Office, Defra, HMRC, Home Office and HM Treasury. However, there has been little detail on the substance of discussions, or any published minutes. Business involvement here is essential to allow for meaningful industry input.

A coordinating body with central oversight of border modernisation can ensure that funding is effectively allocated under a coherent strategic vision that sets out the long-term benefits of modernisation. It will allow the UK to speak with "one voice" in trade negotiations and international institutions.

The short-term solution:

- A central steering group **accountable to a new Minister for the Border** - encompassing not only HMRC, but all government departments with a stake in border operations – including Defra, the Department for Transport, HM Treasury, the Home Office, the Department for International Trade and FCDO – should be formed, within which discussions on new technologies, international forums, trader engagement and investment can all take place. This would make funding decisions transparent and prevent duplication.

- Establishing a **government-to-industry taskforce** made up of representatives of relevant Whitehall departments and business representative organisations (such as cross-sector and sectoral business groups) to feed their views into the decision-making of future border policy, with oversight by the Minister for the Border. The discussions should result in clear, actionable response by government and be communicated publicly for transparency.

The long-term solution:

- Longer-term, the steering group should be equipped with a **sufficiently sized team of officials** that is able to drive forward day-to-day work and oversee an ambitious future workplan. Without this, there is a risk some departments will attempt to argue their projects are more worthy of funding or should be prioritised over others. It is important that decisions on funding and resource allocation are fair, impartial and reflect best value for money when measured against the benefits for trade, the border industry and UK consumers.

Case study: Cerberus project

Cerberus is owned by the Home Office and seeks to address a critical gap in the government's approach to data at the border. The Home Office wants to allow analysis relating to a wide range of datasets within a single system to achieve more targeted interventions of risk and to increase the flow of legitimate traffic. For example, the hope is that connecting intelligence and data across different transport modes will yield insights into organised crime groups, reduce human trafficking and improve targeting of controlled goods (such as firearms and explosives).

While this is a commendable initiative, Cerberus is an example of where there should be a more joined-up government approach. Cerberus is in practice a workstream separate to the government's wider border strategy work, with which it should be integrated. For example, the advanced risking analytics elements are common across both initiatives, as is the fact that both are scheduled for delivery before 2025. Fundamentally, both seek to facilitate the smooth flow of legitimate trade, and therefore Cerberus should not be isolated from the border strategy work.

Conclusion

There has never been a more important time for the government to pursue border modernisation. Fast, cheap and secure access to the UK market through the use of real-time data will be a crucial element of the UK's drive to establish itself as a global leader in free trade. Geopolitical risks such as COVID-19 and the war in Ukraine have re-emphasised the importance of functioning supply chains and a border that is resilient to global economic shocks.

Investment in the border to bring down trading costs can have an immediate impact on consumers and producers in the UK – alleviating the cost-of-living crisis. Border modernisation and associated measures can also boost exports through a variety of channels – increasing expertise around trade, reducing barriers and making the UK a more attractive partner for new trade deals.

Political, technological and systemic change have created a wide range of opportunities for border modernisation. New technology and systems, underpinned by a facilitative regulatory framework, can enable innovative new approaches to driving down costs while maintaining safety and security. Investment in programmes such as the Ecosystem of Trust, digitalisation and the Single Trade Window has great potential to improve border efficiency and boost trade. The UK can use its newfound regulatory independence to enact a business-friendly approach to the border and take advantage of its ability to negotiate easements in new trade and customs agreements and guide multilateral approaches to trade facilitation.

> **Border modernisation will boost exports, increase trade expertise, reduce barriers and make the UK a more attractive trade partner**

These benefits can only be achieved by a joined-up and coordinated government listening carefully to the needs of industry. Ministerial oversight and policy ownership – with sufficient clout to prioritise the competing objectives of different departments and agencies and drive through change – is essential. Close cooperation with business on devising, developing and implementing policy and processes will ensure that change is directed where it is most needed, providing the best value for money on government investment.

The unique political, international and technical backdrop mean border reform could be the most important trade challenge in a generation. Government has come some way to recognising this through the 2025 Border Strategy and Target Operating Model. Now is the time to deliver.

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About Flint Global: Flint advises business on policy, politics, regulation and competition economics in European and global markets. We help our clients succeed in an increasingly complex world by providing advice at the point where government and business meet, with an authoritative perspective on both.

Members of Flint's expert multi-national team have worked at very senior levels in the British and other European governments, the EU Commission, regulatory agencies, competition bodies and the private sector. Our clients come from many countries and operate in many sectors, including digital, tech, telecoms, media, financial services, life sciences, manufacturing, retail, transport and energy.

About the Institute of Export & International Trade (IOE&IT): The IOE&IT is the professional membership body representing and supporting the interests of everyone involved in importing, exporting and international trade in the UK. The IOE&IT's mission is to empower organisations and equip individuals with the expertise to trade effectively, sustainably and competitively.

The IOE&IT is a leading authority in best practice and competence for businesses trading globally. It offers a world-renowned suite of qualifications and training. As a partner with the UK government, IOE&IT delivers national and international programmes, acting as evangelists for the UK and establishing UK processes and standards globally. The IOE&IT co-partners in running the online Customs Academy, the world's first training platform dedicated to customs skills and developed at the request of HMRC. It is also part of the consortium that delivers the Trader Support Service for goods moving between Great Britain and Northern Ireland. The IOE&IT leads a consortium piloting the UK government's Ecosystem of Trust programme, and is a member of several industry committees, including the Border Vision Advisory Group.

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