

BUILDING AN ECOSYSTEM OF TRUST

SIMPLIFYING BORDER CONTROLS



Many people are familiar with the concept of self-assessment when it comes to income tax returns. Can the same principle be applied to traders when it comes to

Customs and other border checks? A new 'Ecosystem of Trust' pilot at the Port of Felixstowe will demonstrate what can be achieved.

Apples and electric scooters. These two cargoes will take centre stage in a 'trusted trade lane' (TTL) concept to be piloted at the Port of Felixstowe. The aim is to show that by establishing compliance and building trust, border frictions can be significantly reduced for traders. The system to be trialled will give UK Government agencies such as Border Force access to high-quality data and information, enabling them to make assessments based on risk level, rather than acting as a catch-all gatekeeper for imports, high-risk or not.

The Ecosystem of Trust (EoT) concept was outlined in the Government's 2025 UK border strategy, on the basis that it can deliver value to both public authorities and private sector; submissions were invited from the industry to pilot the concept. Led by IBM Consulting and Maersk Logistics & Services, the Felixstowe-based pilot will focus on containerised shipments of fresh fruit and electric scooters imported through the port. The TTL process will be simulated alongside the current processes. As it progresses, supply chain data held by TradeLens (a secure global data and document-sharing platform based on blockchain), Destin8 (the Port Community System operated by MCP) and Maersk's Remote Container Management system will be made available to the Government, and Quantexa software will be used to assess and analyse the data.

"I see this as the next generation of AEO (Authorised Economic Operator) accreditation,"

says Stewart Jeacocke, Global Customs Immigration and Borders Lead at IBM Consulting. "AEO was conventionally very focused on the individual organisation – it was about the importer or the carrier, for example. However, new technology like TradeLens and Maersk's Remote Container Management system can create a model that controls the end-to-end supply chain, rather than just individual organisations. That is what's important, because under AEO it is still possible for the containers of perfectly legitimate organisations to be effectively hijacked to bring in illicit drugs or weapons.

"An end-to-end chain of custody ensures that a trusted organisation filled the container, identifies where the container has been and who has had access to it and confirms that no one has tampered with it. In short, a TTL supervises the entire supply chain, the Government has more visibility and can target more accurately, ►►►

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Lars Karlsson, Global Head of Trade and Customs Consulting at Maersk, was a driving force in the development of the original AEO concept. "The point of AEO is that the Government knows you, you have to keep things in order and the Government expects you to take some responsibility and do some controls yourself," he says. "However, we now need to connect the dots to make the supply chain smoother, more predictable and safer."

The aim is to speed legitimate trade through the port and, in some instances, inspections could be carried out at other stages along the supply chain, he says. "We should have segmentation for those traders that are low risk and can prove they are compliant and secure. In these cases, the information

would be known in advance by Government, there would be agreement between all parties, and it would be a faster, more secure process – the Government doesn't need to intervene, because the information would already be vetted. Goods coming in would be cleared the moment they arrive, not two days later."

Some importers regularly import larger quantities of goods than needed because of uncertainty over how long clearance will take, says Karlsson. "That, of course, is a particular issue with fresh fruit, which may have to be destroyed if it takes too long."

A key benefit of a TTL for the private sector is improving predictability of release of goods, so that stock levels (and potential wastage) can be reduced. There is also a potential benefit for companies that are not large or mature enough to engage in the TTL concept, because the overall 'queue' will be shorter.

All these advantages can be gained from data that is already available – if companies are willing to share it, of course. Karlsson says: "There is an incentive for importers to share their data. The reward can be faster, more predictable passage through the border and less cost."



"It is also equally important that Government agencies start using already existing data available in their systems more systematically, creating risk profiles based on compliance records of traders, instead of treating every new transaction as an unknown, being approached for the first time. The new model to be tested will save time and money for both Government and trade, while improving the process from a security perspective. This is important since there has to be benefits for business to submit more voluntary quality data. If there are benefits, trade will do it."

The pandemic accelerated the move to electronic exchange of data and digitalisation, and it has worked well, he notes, eliminating even more paperwork from the process. "We have the data – let's share it and use it."

During the six-month pilot, evidence will be gathered to show that a voluntary TTL is workable, can be scaled and delivers benefits for all stakeholders

"At the end of the pilot we will use the data collected to validate the benefits and feasibility of the TTL," says Jeacocke. "That dataset will be fed into the Government's evaluation process of the various pilots being run."

"We are confident the evidence will demonstrate that what we are proposing is feasible and delivers commercial benefits for business. Some of the processes we would want to introduce would require changes to legislation – so this would be the start of a process which would eventually implement a model combining the best bits that come out of all the trials."



Why apples? Why e-scooters? Stewart Jeacocke explains: "Fresh fruit and vegetables are subject to a lot of Government controls when they come into the UK – for good reasons, such as concerns about introduction of pests and diseases, and the need for marketing standards. Some of these checks can be quite disruptive to the supply chain because a lot of them currently happen at the border."

"By improving collaboration and data sharing between business and Government, it ought to be possible to come up with a model that is better for both parties."

Morrisons Supermarkets is the partner in this part of the pilot.

The consortium then wanted to contrast the activities of a big importer with those of a smaller importer.

"We chose Pure Electric, which imports a range of e-scooters and e-bikes. It is a relatively new market and there is a need to make sure that such items meet UK product safety requirements. We think that with the self-assessment model, we should be able to achieve the same level of Government control but without having to physically do the checks at the port."

"If supplier X or Y has always supplied goods that are compliant with all regulations, it probably isn't necessary to inspect every consignment. Perhaps it can be the responsibility of the importer to self-assess that all the rules have been met and then this can be followed up with a spot inspection annually."

The Felixstowe-based trusted trade lane consortium includes all types of organisations requested by the Government for the pilot, to provide breadth, depth and diversity of experience and resources.

IBM UK Ltd
Maersk Logistics & Services
 Shipping lines providing data to TradeLens:
CMA CGM, Hapag Lloyd, MSC, ONE,
Maersk Line, Wm Morrison
Supermarkets, Pure Electric,
Hutchison Ports UK/Port of Felixstowe,
Freeport East, Maritime Transport Ltd,
TradeLens, Maritime Cargo Processing
(Destin8), Quantexa,
McKinsey & Company