TRADE AND CUSTOMS PROCEDURES: THE COMPLIANCE COSTS FOR UK MEAT IMPORTS

A CASE-STUDY

FINDINGS REPORT

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Disclaimer: The research presented in this document aims to serve as a contribution to on-going research in trade facilitation with particular focus on identifying trade and customs compliance costs. Any mistakes and errors are those of the author alone.

SUMMARY OF KEY FINDINGS

- The study was funded by the Nottingham University Business School[1] with the support of the International Meat Trade Association (IMTA) and the Association of Port Health Authorities (APHA), amongst others. It involved: a detailed review of current import procedures applicable to importing meat into the United Kingdom (UK) from outside of the European Union (EU); an in-depth study of the trade and customs compliance costs as experienced by three meat importers of chilled and frozen beef and lamb (each importing meat worth more than £100million per year) as well as those of two freight forwarders (agents) specialising in the meat trade; and field visits to the port health inspection facilities (so called Border Inspection Posts, BIPs) at two major UK ports. Cost findings have been confirmed by the IMTA secretariat as being representative (with the caveat that they are subject to market dynamics and the commercial relationships between importers, shippers, shipping lines, ports and agents).

- This report contains three substantial components: an overview of the UK meat import sector (Section 4), its transport arrangements (Section 5) and a detailed review of applicable import procedures (Section 6); an analysis of identified cost figures for: set-up and authorisation costs, transactional costs, and inspection costs (Section 7); and an overview of issues discussed in interviews that might give rise for reform (Section 8). Research methods are discussed in section 3. A series of papers drawing on this research are to follow in due course. Key findings include:

- Most imports of meat are shipped to the UK by sea-containers. Amongst the importers interviewed for this study (mostly beef and lamb) most expressed a preference for 20-foot refrigerated (reefer) containers as opposed to larger 40-foot units. This reduces the risk of damage to the cargo resulting from a failing refrigerator unit. By breaking down shipments into smaller shipping units (e.g. from 40-foot containers into two 20-foot containers) and declaring each unit individually importers also reduce the impact resulting from any one consignment being held by customs (HMRC) or the port health authority (PHA). Likewise, in instances where importers ship multiple containers as part of one single shipment, they will normally declare each unit to customs and port health individually (thus, foregoing the option of declaring them as one single import).

- In tonnage and value terms the container ports of Felixstowe, Tilbury (renamed in 2013 as London Container Terminal) and Southampton are the three main points of entry for meat imports into the UK. However, in terms of declaration volumes (CVED declarations to port health) Felixstowe remains the busiest, but second and third places are taken by the two London airports, Heathrow and Stansted.

- When importing meat into the UK, five broad sets of procedures apply. These are: the Import Licensing procedures as administered by the Rural Payment Agency; the procedures specific to booking and collecting cargo from shipping lines; the procedures necessary to clear goods through port health at the port of entry's Border Inspection Posts (BIPs); those procedures necessary to clear goods through customs and the port. Compliance with these procedures require 26 transactional steps (Figures 15 and 16)

[1] Using the School's Spark Grant facility to help support academic staff develop new and promising research.

- The 26 transactional steps are dependent on at least three distinct electronic systems (TRACES, CNS and MCP's Destin8). Further electronic information and communication systems used include the vehicle booking systems at the respective ports and the various customer interfaces with the shipping lines. Some agents may also choose to subscribe to Syntegra's CCS-UK system, necessary for clearing goods though the airports. Traders and agents may also rely on further off-the-shelf or bespoke IT systems in aid of their customs and trade management operations (Figure 18).

- In addition to the electronic systems, clearance is usually dependent on at least 4 paper documents, sometimes as many as 6 (Figure 18).

- Import compliance costs have three distinct components: I) Set-up and Authorisation Costs; II) Transactional Costs; and III) Inspection costs. Further post clearance costs (e.g. document storage, use of duty suspending customs procedures) might apply, though these were described by UK meat importers as marginal and highly specific to certain types of operations – and thus largely excluded from this study.

- Set-up and authorisation costs range, for meat-importers and their agents, between £656.20 and £13,735.80. The single biggest item is the annual cost incurred by importers for their Block Guarantees (typically £10,000). These are required (but not strictly mandatory) when applying for RPA import licences. The remaining set-up and authorisation costs largely relate to system subscriptions, necessary for agents to clear cargo at the ports and through customs. These figures do not consider any periodic staff training on how to use the systems. Agents typically seek to recover some of these costs from their customers (the importers) in the form of a "customs entry fee" – which is thought to range between £20 and £40 per declaration/20-foot container.

- Transactional costs – those incurred when clearing containers through the UK's three main container ports – range between £380 and £670 per container. If meat is from New Zealand the range is between £336 and £490 (Figure 23). The largest item is the shipping line's Terminal Handling Charge (THC), which is thought to be about £220 per 20-foot container. Some importers suggest that shipping lines may set the THC disproportionately high in order to off-set discounts offered to the shipper (usually the exporter in the country of supply) if selling on a Cost Insurance Freight (CIF) basis.

- The only fees raised directly by the authorities are the PHA inspection fees (£86.70-£96.53); all other fees are indirect and levied by agents, the shipping lines and the port operator (e.g. for labour and handling).

- Where the involvement of the BIP is not required, e.g. for New Zealand lamb, port clearance can usually be achieved within 3 hours.

- Inspection costs – those costs incurred over and above transactional cost in instances where the imported meat is selected for an inspection – are very much dependent on how quickly the authorities (customs and port health) are able to release the cargo. Typically, if inspections take place in the morning, authorities are able to clear the import within the day. This is however dependent on: a) whether all documentation is in order; and b) where HMRC requires a copy of the PHA's stamped CVED, on whether the 15:00 submission deadline at the HMRC National

Clearance Hub (NCH) for same-day clearance has been met[2]. Unlucky importers stated that if the 15:00 deadline is missed on a Friday afternoon, their goods may be stuck in the port until the next Monday or Tuesday.

- Physical inspections by customs are generally risk based and thought to affect less than 5% of all imports.

- Port Health/Veterinary Inspection frequencies are defined by legislation and require Port Health to check 100% of all veterinary documents and, with few exceptions (e.g. New Zealand Lamb), mandates that all meat is also presented at a Border Inspection Post (BIP) for an identity check. 20% of beef and lamb (except New Zealand lamb) and 50% of poultry will then be subjected to a further physical check. Samples may be taken in 1-10% of all physically presented goods, which can take 5-7 days to complete (Figure 20).

- If selected for examination, inspection costs (depending on type of inspection, length of delay, port and shipping line) will typically range between £52 and £1500. Most of the inspection costs will be demurrage related. Shipping lines typically start charging demurrage after 2-8 days (Figure 12, 24).

- Demurrage fees are charged by the Shipping Line to the agent/importer and vary significantly from line to line. Typically they arise where delays resulting from inspections coincide with non-working days at the BIP facility (e.g. weekends). At some of the main UK container ports, where ships from the main countries of supply arrive on Fridays, demurrage is a more common occurrence. Daily demurrage rates can range between £0 and £110 per day, plus a further £60-£110 in additional charges typically kicking-in after 3-5 days (see Figure 12).

- Considering the value of meat (£50,000 – £140,000 for a container of beef and lamb; Figure 11), transactional type import compliance costs (£360-£670/$560-$1050) are thought not to be overly dramatic; and traders are relatively relaxed as long as goods are not overly delayed. However, when compared to transport costs – such as those from the UK port to their final destination within the UK (e.g. at £850/$ 1,300) – transactional trade compliance costs can easily amount to somewhere between 40%-80%. If compared to ocean liner shipping rates (e.g. between $2,100 and $ 3,200 for shipments from South America), the share of UK related transactional trade compliance costs can easily amount to somewhere between 18% and 50%.

[2] At ports using the CNS system port health authorities may advise HMRC directly using a special facility within the CNS system; thus there is no need for the agent to fax the CVED to the NCH.

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1 INTRODUCTION AND OVERVIEW

This research report concerns itself with the study of trade and customs procedures experienced by UK meat importers and the costs that they incur when complying with them (compliance costs). The study was funded by the Nottingham University Business School (NUBS) and conducted by Dr Andrew Grainger, who is a lecturer at the University of Nottingham. Prior to his appointment at the University, Dr Grainger was Deputy Director of Trade Procedures at SITPRO, the former UK trade facilitation agency, and Secretary of EUROPRO, the umbrella body of European trade facilitation bodies.

Much of the study received active support from the UK's International Meat Trade Association (IMTA), the Association of Port Health Authorities (APHA) and senior officials at the UK Department for Business, Innovation and Skills (BIS) and HM Revenue and Customs (HMRC). The support of IMTA has provided for a series of interviews with experienced meat importers (mainly lamb and beef) across the UK. The support of APAH has provided for two field trips to UK ports and their inspection facilities (one seaport and one airport). All organisations involved also provided comment on initial research direction as well as guidance on key materials. They were also relied upon by the author for additional guidance on some of the more technical matters concerning procedures, systems and their costs. Any mistakes and errors are of course those of the author alone.

This report contains the following key components:

- a statistical overview of the UK meat trade and its imports from outside the UK (Section 3)
- an overview of commercial and transport arrangements within the UK meat trade (Section 4)
- a detailed description of applicable trade and customs procedures (Section 5)
- a detailed account of trade and customs compliance costs figures as experienced by UK meat importers (Section 6)
- a list of issues that have been highlighted in interviews, which provide scope for possible improvement to the administration of trade and customs procedures in the UK (Section 7).

Findings are likely to be of particular interest to those policy makers and academics with an interest in international trade logistics and trade facilitation which concerns itself with the reduction of trade related transaction costs and subsequent improvements to trade and customs procedures.

At present, most research into trade and customs compliance costs draws on proxy-variables (e.g. the time it takes to clear goods at the border or the number of documents necessary to make an import) (WCO 2011; World Bank 2013; World Bank 2013) or wider macro-economic models (Peter Walkenhorst and Tadashi Yasui 2003; Wilson, Mann et al. 2005). This study, in contrast, is directly informed by those businesses that incur the costs, and as such offers a new, bottom-up approach to understanding trade and customs compliance costs. A series of academic papers, aimed at contributing to the trade facilitation literature (Grainger 2011), is to follow from this study.

2 METHOD

This study draws on multiple data sources including: UK and EU trade statistics; interviews (Figure 1); and public accessible information, guidance materials and applicable legislation. Research was guided by the study's supporters. They include the secretariats of the International Meat Trade Association (IMTA) and the Association of Port Health Authorities (APHA). Senior officials at the UK Department for Business, Innovation and Skills (BIS) and HM Revenue and Customs (HMRC) known to the author provided further guidance in initial scope and approach.

The study took the following steps:

1) Initial consultation with IMTA, APHA, BIS and HMRC about scope and feasibility of the study. This has enabled the author to make a successful bid for SPARK funding from the University of Nottingham as well as to set-out the parameters for this study.

2) Field-visits to two Border Inspection Posts (BIPs); one at a major airport and the other at a major container port. During these field visits it was possible to conduct detailed interviews with experienced Port Health Officials. At both ports it was possible to visit relevant office facilities and accompany an inspection.
3) A series of interviews, including three UK based meat importers and two agents; all of which are members of IMTA. Interviews typically lasted 2-4hours. A copy of the interview report was sent back to the interviewees for review and further comment.
4) An extensive review of applicable veterinary, trade and customs procedures as well as the cost of complying with them by drawing on:
   - interview data (step 3)
   - publically accessible documents and legislation
   - occasional follow-up interviews (usually by phone) with interview subjects and officials in order to fill in gaps in understanding and/or identifying specific cost figures not published elsewhere
   - telephone conversations with relevant organisations (e.g. helpdesks and service desks) to fill in gaps in understanding and/or identifying specific cost figures not published elsewhere
   - occasional meetings, e-mail exchanges and phone conversations with senior port health, HMRC and BIS officials to fill in gaps in understanding and/or identifying specific cost figures not published elsewhere
5) A review of key statistics to help frame the wider context of the UK meat trade by drawing on relevant UK and EU statistics, in particular the UKtradeinfo database, Eurostats and precompiled statistics of the OECD. Some key statistics such as the number of reefer-points at the UK's main container ports (Figure 9) and the number of CVED declarations in the UK (Figure 4) had to be obtained directly from the organisations concerned.
6) Write-up report and circulate first draft to interviewees, IMTA secretariat, APHA and HMRC for further review and comment.
7) Accommodate feedback, finalise report and publish.

Figure 1: Summary overview of interviewed organisations

Id	Organisation Type	Details	Interviewed Persons
1	Freight forwarder	UK based owner-managed freight forwarding company with less than 10 employees; specialises in managing UK import operations (ie. port to final destination) for chilled products; handles 500-600 containers per month.	• Director and Part-owner
2	Freight Forwarder	UK based port agency, logistics and warehousing company with less than 20 office staff; it handles 1000-1200 containers per month; about 6000 containers per year are for the UK meat trade.	• Director and Part-owner
3	UK based international food trading company	Privately owned company with a customer base in 50 countries, distributing in excess of 70,000 tonnes per year; less than 30 trading staff in UK; 40 trading staff at overseas offices; 120 staff at UK distribution centres; imports into the UK about 1,000 container of meat per year	• Director, Company Secretary and Part-owner • Operations Manager
4	UK based international meat trading company	Privately owned business with less than 30 employees; the business is part of a food and meat distribution group which employs 350 staff in the UK; the company imports 300 containers of meat per year	• Operations Manager
5	UK based meat importer	A UK based meat importer employing less than 20 staff; the company is part of an international group and imports into the UK about 1200 containers per year	• Operations Manager
6	Border Inspection Post	A full day at a BIP at one of the UK's largest container terminals. Visit included interviews with key staff and a detailed private tour of inspection facilities while in operation.	• Head • Assistant Director • Environmental Health Officer
7	Port Health Authority	Visit to the offices of a Port Health Authority at a major UK freight airport.	• Senior Official Veterinarian and active APHA member
8	Border Inspection Post	Tour of a privately operated BIP and fresh produce facilities at one of the UK's main airports	• Customer Support Manager
9	Community System Provider	A one hour telephone interview with one of the UK's main Port Community System providers; to address technical details and view update on industry developments with regards to interfaces with local authorities.	• Business Director
10	HM Revenue and Customs	Regular phone conversations, e-mail exchanges and occasional visits to obtain customs specific data and to provide peer review.	• Senior Business Manager
11	Department for Business, Innovation and Skills (BIS)	Interview with a senior trade policy person at BIS to obtain an update about current UK trade facilitation policy.	• Economic Advisor, Trade Policy Unit
12	Trade Association	Interview with the secretariat of the International Meat Trade Association, representing the interests of the UK meat trade; occasional phone conversations and e-mail exchanges to provide clarification on technical details and peer review.	• Director
		Total Number of Interviewed People	**15**

The interview series underpinning much of this study was facilitated by IMTA and were conducted in person at the interviewees' premises. The series involved three UK based companies with substantial meat import operations in excess of £100 million per year. While they employ 20-30 staff within their UK trading operations, only 2-6 staff are actually directly involved in regulatory compliance operations. Their beef and lamb (red meat) imports come largely from South America and/or Australasia; though all interviewed parties also have experience with other countries of supply. Their meat imports are mostly fresh and shipped as chilled; though all interviewed businesses also have significant frozen meat import operations. All interviewed parties explained that the primary mode of transport for importing meat is by sea-container.

The series also included two well-established UK based freight forwarders (commonly referred to as "agents") who clear at least 6,000 containers of meat per year in the UK. Their business operations can be described as relatively small, but highly specialised with emphasis on superior customer service as required for the import of fresh produce. Both agents operate largely out of one single office and employ no more than 20 staff. Both interviewed agents are IMTA members and between them have or had substantial business dealings with the interviewed meat importers.

The interviews with each the five organisations revealed a detailed account of their respective businesses and commercial arrangements, the procedures to which they are exposed to, the costs associated with them as well as any frustrations (if any) that they may have with regards to these procedures.

The interviews were conducted in a relatively unstructured manner, but broadly guided by encouraging the interviewee to give a step-by-step account of their organisation's compliance operations. Often interviewees also presented relevant supporting documentation (such as published tariff schedules or examples of a specific shipment) and would from time to time call in colleagues to add further details relating to the interview conversation. A typical interview session lasted 2-3 hours. Detailed notes were taken during the interview session, which were then typed-up as a summary report (typically 8 pages long) and sent back to the interviewees with an invitation for corrections and further comments – which in most cases was forthcoming.

Additional interviews were also conducted with port health officials during visits to the BIP facilities and PHA offices at one major UK airport and one major UK container port.

All interviewed organisations were happy to provide a frank and honest overview of their business and its operation, and were approachable for follow-up questions and clarifications. Some of the interviewed parties did ask for a level of confidentiality that ensures that their organisation cannot be directly or indirectly identified. Names and any other revealing or confidential information have thus not been included in this report.

Unfortunately, it was not possible to persuade any poultry traders to participate in this study. Their views and experiences would have given a more complete picture of UK meat imports and their compliance costs.

3 UK MEAT IMPORTS: AN OVERVIEW OF TRADE AND TRANSPORT STATISTICS

The bulk of UK meat imports (which excludes inter-EU trade) comes from New Zealand, Brazil, Australia, Chile, Uruguay and Argentina (Figure 2). The total value for imported meat and edible meat offal declared to UK customs in 2011 was close to £686 million with a declared net weight of 187 thousand tonnes, averaging close to £3700 per tonne (HMRC 2013)[3]. The vast majority of imports are declared at the UK's maritime ports. Only 1.6% of meat and edible meat offal imports in value terms (£10.8 million out £686.3 million) were imported in 2011 via the UK's airports (Figure 3). Indeed, interviews with UK meat importers and their agents confirmed that meat is mostly brought in by air as a sample (e.g. to examine quality); a typical shipment would be in the order of 3-6 boxes amounting to 50-100kg[4].

Despite the low tonnage of meat imports at UK airports, if one examines UK meat imports in terms of the number of declaration to the Port Health Authorities as captured by HMRC in their CHIEF computer system[5], the picture looks a little different. It suggests that in terms of declared Certificate of Veterinary Entry Documents (CVED) Felixstowe is the busiest, closely followed by London Heathrow (Figure 4).

Figure 2: Non-EU meat and edible meat offal imported into the UK (2011; >1000tonnes) by country of origin

Non-EU meat and edible meat offal imports into the UK, 2011	tonnes	Value in €1000
New Zealand	76,491	€389,955
Brazil	48,916	€122,759
Australia	20,260	€122,656
Chile	16,120	€52,001
Uruguay	7,481	€45,200
Argentina	6,571	€13,295
Namibia	4,644	€21,727
United States	1,073	€3,387

Source: Compiled using Eurostats data

[3] HMRC's uktradeinfo database does not capture imports into the EU declared to customs administrations in other member states, such as UK imports first declared in Rotterdam and then moved to the UK by truck.

[4] Very occasionally importers may fly in meat in volumes of as much as 2 tonnes; usually in aid of a product promotion.

[5] Data obtained by correspondence with HMRC

Figure 3: Imports of meat and edibile offal declared to UK customs, 2011

Sea Ports	Net tonnes	In thousand pounds
London (inc London Container Port)	107,501.7	£319,437
Felixstowe	47,803.4	£225,460
Southampton	24,870.2	£112,422
Belfast	2,560.7	£8,629
Thamesport	1,409.3	£6,596
Immingham	782.9	£2,031
Liverpool	197.5	£771
Dover	31.7	£57
Aberdeen	1.3	£22
Airports		
London Heathrow	1,403.4	£10,815
Belfast Airport	1.1	£18
Manchester Airport	0.5	£13
Aberdeen Airport	0.4	£2
Grand Total (Sea and Air)	186,564.1	£686,273

Source: Compiled using HMRC uktradeinfo data (HMRC 2013)

Figure 4: UK ports with Border Inspection Post (BIP) handling more than 1000 CVED declaration, 2011

Port	Number of CVED declarations	BIP Authorisation
Felixstowe	25,414	• All animal products for human consumption • Animal products not intended for human consumption at frozen and ambient temperatures only
London Heathrow	22,175	• Packaged animal products for human consumption • Packaged animal products not intended for human consumption
Stansted Airport	14,887	• Packaged animal products for human consumption imported at ambient temperatures • Packaged animals products not intended for human consumption imported at ambient temperatures
Tilbury (London Container Terminal)	11,157	• All animal products for human consumption • Animal products not intended for human consumption at frozen and ambient temperatures only
Southampton	7,369	• All animal products for human consumption • All animal products not intended for human consumption
Immingham	3,948	• Frozen animal products for human consumption
Liverpool	3,561	• All packaged animal products for human consumption • All packaged animal products not intended for human consumption
Manchester Airport	3,147	• Packaged animal products for human consumption. • Packaged animal products not intended for human consumption.
Thamesport	2,603	• All packaged animal products not intended for human consumption
Total CVED declaration for all UK ports as captured by HMRC: 97,723		

Source: Compiled using data obtained from HMRC and the DEFRA website

In comparison to overall UK imports, the volume of declarations with a CVED element is comparatively small with a share of somewhere around 3%[6]. In terms of EU meat consumption in 2010, imports represented 3.9% of total EU beef and veal consumption, 0.14% for pork, 6.7% for poultry and 21.7% for sheep meat (numbers are derived from Figure 5).

Figure 5: European Meat Imports and Consumption, 2010

Country	European Union-27			
2010	Beef and veal	Pig meat	Poultry meat	Sheep meat
Imports, 1000 tonnes	319.57	28.96	780.00	239.17
Consumption, 1000 tonnes	8179.23	20677.98	11587.73	1100.97
Consumption per capita, kg	11.42	32.16	20.33	1.93

Source: Compiled using OECD.stats data[7]

All interviewed traders explained that meat prices have increased significantly over the last few years; most also explained that the volume of UK meat imports has gone down for some products by as much as one third, if not more. Indeed, world meat prices are currently at record high levels and expected to remain at these levels for years to come (OECD and FAO 2011). Detailed analysis of OECD agriculture statistics [8] shows that EU beef and veal imports have almost halved within the period between 2005 and 2010 (Figure 6). Though, if one considers all meat and edible meat offal imports declared to UK customs without distinguishing between products, the decline is less dramatic in tonnage terms as perhaps indicated by some of the interviewees[9] (Figure 7).

The main points of entry into the UK (excluding any cargo landed in continental Europe and declared to the authorities there) are: London, Felixstowe and Southampton (Figure 3). London[10] is predominantly used for imports from South America; Felixstowe, and to a lesser extent Southampton, are used predominantly for imports from Asia and Oceania (Figures 8 & 9). This split of traffic between ports are largely related to the mix of shipping lines – and their routes – calling at them (Figure 9). London Heathrow, as shown in Figure 3, is the main point of entry for meat imports by air (1,403 tonnes in 2010).

[6] In total HMRC processed 3.3 million full declarations at UK ports in 2011; assuming that the vast majority of the 98 thousand declarations necessitating a CVED were declared to HMRC at the port in full (as was indicated in interviews), their share amounts to around 3%.

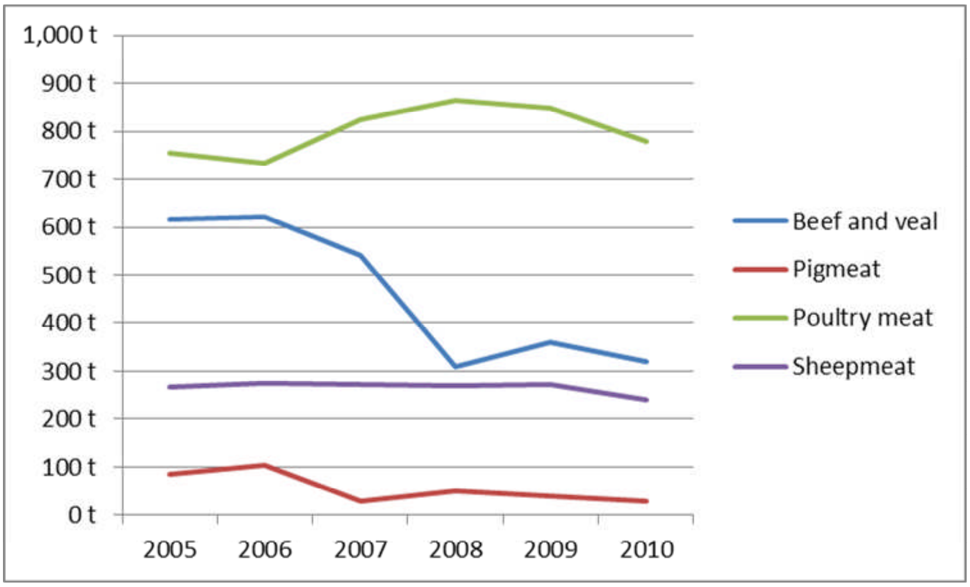
[7] http://stats.oecd.org/viewhtml.aspx?QueryId=36355&vh=0000&vf=0&l&il=blank&lang=en#

[8] http://www.oecd.org/statistics/

[9] In this context it needs to be noted that none of the interviewed traders were active in the poultry trade.

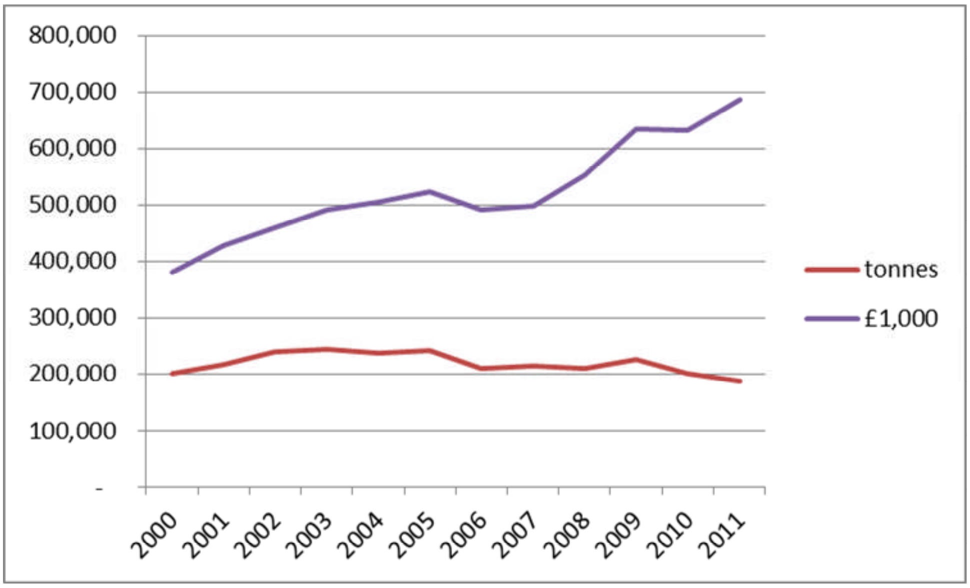
[10] Mostly Tilbury

Figure 6: EU meat imports by meat type in tonnes, 2005-2010



(Source: Compiled by drawing on OECD.stats data)

Figure 7: UK meat and edible meat offal imports in tonnes and £1000, 2000-2011



Source: Compiled by drawing on UKtradeinfo data

Figure 8: UK imports of meat and edible meat offal by port and origin, 2011

Port	Continent	Net mass (tonnes)	Value (£1000)
London (inc Tilbury)	Western Europe exc EC	159	£99
	Sub-Saharan Africa	4,936	£19,957
	North America	146	£499
	Latin America and Caribbean	77,771	£201,839
	Asia and Oceania	24,491	£97,044
	Total	107,502	£319,437
Felixstowe	Sub-Saharan Africa	104	£471
	North America	931	£2,567
	Middle East and N Africa	416	£1,356
	Latin America and Caribbean	2,547	£5,216
	Asia and Oceania	43,806	£215,849
	Total	47,803	£225,460
Southampton	Sub-Saharan Africa	8	£20
	Middle East and N Africa	28	£143
	Latin America and Caribbean	51	£93
	Asia and Oceania	24,783	£112,166
	Total	24,870	£112,422
All Meat and Edible Offal Imports into the UK; Total		186,564	£686,273

Source: Compiled from UKtradeinfo data

Figure 9: The main UK ports of entry for meat and edible meat offal, CVED declarations, Reefer points and advertised shipping line connectivity

Port	CVED Declarations 2011	Reefer points (2013)	Shipping Line Connectivity
Felixstowe	25,414	1806 points	Asia, the Americas, Middle East and Africa; Felixstowe is also one of the three European ports of call for the "Daily Mearsk" – a daily shipping service to the Far East, with feeder connections to Australia and New Zealand via Tanjung Pelepas (Malaysia)
London Container Terminal	11,157	1400 points	Australasia, South America, South Africa, and Iberian Peninsular
Southampton	7,369	500	Far East and North Atlantic
London Heathrow	22,175	n/a	Worldwide

Source: Compiled from telephone calls with the ports' commercial offices, the respective ports' websites and correspondence with HMRC

Interviewed importers confirmed that imports are almost exclusively containerised, using refrigerated (reefer) containers. Their expressed preference, with the exception of one interviewee, is for 20-foot containers as opposed to 40-foot containers[11]. This reduces the extent of damage resulting from a refrigeration failure. Moreover, by breaking down shipments into smaller shipping units (i.e. from 40 -foot containers into two 20-foot containers) importers also reduce the impact of any one consignment being held by customs or port health.

Even where imported shipments exceed more than one container, declarations to Port Health and Customs will be made on a container-by-container basis (ie. the typical declared consignment size for red meat is one TEU). Provisions in customs and port health procedures, which allow importers to declare multiple containers from one ship on one declaration, are not taken advantage of. Importers fear that if they were to declare multiple containers on one declaration, and if one container were selected for examination, all other container units falling under that declaration would also be placed on hold. Thus, significantly increasing the impact of an inspection on the business – and best avoided.

The capacity for a standard 20-foot reefer container is 27m^3, its maximum payload is 27.49 tonnes; for a standard 40-foot reefer container it is 67.5m^3 and 29.48 tonnes respectively (Maersk Line 2013). In practice, as reported in interviews, a 20-foot reefer will hold slightly less than 11 tonnes of beef; a 40-footer for import into the UK is limited to 23 tonnes. For lamb, depending on the product mix, a 20-footer may contain 12.5 to 17 tonnes and a 40-footer for import into the UK no more than 23 tonnes[12].

The value for a container load of meat is product dependent. But to give an indication, it was reported in interviews that the current value for beef ranges between £5000-£6000 per tonne; for premium cuts such as tenderloin it can be £11,000 per tonne. Subsequently, a typical 20-foot container can be worth as much as £50,000 to £80,000 (Figure 11). In contrast, typical airfreight samples – since they are not for sale – only have a nominal import value, e.g. 10 cents per kg.

Figure 11: Estimated value of a typical container containing lamb or beef cuts upon import into the UK[13]

Product	20 Footer	40 Footer
Chilled Lamb, estimated value	£50,000	£120,000
Chilled Beef, estimated value	£70,000-£80,000	£130,000-£140,000

Source: Compiled from interview notes, 2012

While many shipments are in excess of one container (one of the interviewees reported of occasional shipments in excess of 200 tonnes) importers, as a rule, prefer to declare each container individually as opposed to the entire shipment. By declaring each container individually (as one single consignment)

[11] It was suggested in some interview sessions that shipping lines might be trying to price out the smaller 20-footer containers. One port health officer commented in his review of this report that at his port, where poultry plays a significant share in BIP traffic, 40-footers appear to be more widely used than 20-footers – implying that in the poultry trade, which has a lower value than beef and lamb, 40-footers are more commonly used.

[12] Technically a 40-footer may carry up to 26 tonnes, but UK weight restrictions on roads limit the container weight, as a rule of thumb, to 23 tonnes (Interview notes; Willmott 2001)

[13] These figures are for meat cuts only. Values for processed meat and foods are likely to differ significantly.

importers effectively reduce the risk of exposure to inspection and subsequent delay in the event of any one consignment being selected for inspection by Customs or Port Health.

Chilled beef and poultry products are not **seasonal**, though importers have reported that traded volumes can be dependent on the availability of quotas. As for chilled lamb, especially from New Zealand, supply is subject to seasons (though there are some farmers/suppliers who are able to offer lamb all year round) and will lead to peaks and troughs within the volume of trade in any given year. Interviewed importers also reported that fruit seasons – especially South American apples – can place pressure on the availability of refrigerated containers. However, they also reported that their shipping lines do try and look after their continued custom and seek to ensure sufficient availability of reefers, irrespective of competing demands from other trades.

Shelf-life for chilled meat is dependent on the product, but to give an example, chilled New Zealand lamb – geographically the most distant country of supply from the UK – has a shelf-life of between 63 and 70 days. If frozen, the shelf-life was reported to be at least 2 years. Transport by sea from New Zealand, using the "Daily Maersk" service with connections via Malaysia, takes 32-36 days.

4 COMMERCIAL ASSPECT OF TRANSPORT ARRANGEMENTS FOR UK MEAT IMPORTS

The responsibility for making shipping arrangements from the country of export for import into the UK depends on what **Incoterms** (ICC 2010) the seller and buyer have agreed. Based on the interview series conducted as part of this research, it appears that Free on Board (FOB) and Cost Insurance and Freight (CIF) are the most commonly used Incoterms for UK meat importers; though occasionally, one of the interviewed companies stated that the Cost and Freight (CFR) term is also used.

There are 11 standard Incoterms. The responsibility for making shipping arrangements lies with the seller for those Incoterms beginning with a C and D. The buyer will make the shipping arrangements where Incoterms beginning with E and F have been agreed (ICC 2010).The key difference between the FOB and CIF (or CFR) thus is that under FOB the buyer (i.e. the UK importer) arranges for the carriage, whereas under CIF and CFR it is the seller (exporter) who books and arranges shipment to the UK port. In this context all interviewed meat importers noted that sellers, using their commercial muscle and scale, are often insistent on selling on a CIF basis – thus giving them control over the choice of shipping line, and often at very favourable freight rates. However, it was suggested during some of the interviews that a number of the shipping lines seek to make good on their discounted freight rates to the shipper by levying disproportionate charges for UK port clearance on the importer. Charges levied by the shipping line upon the importer include the so-called Terminal Handling Charge (THC) and any additional port fees that may arise where goods undergo customs and veterinary checks, in particular demurrage (storage at the port) – Figure 12.

Figure 12: Indicated figures for port clearance related fees that are levied by the Shipping Line upon UK meat importers at UK ports, 2012

Type of Fee/Charge	Indicated Figures
Load On / Load Off (LOLO) charge for delivering container from the port's stack to the collecting truck: between £50 and £85 (depending on shipping line and port). Some shipping lines also charge an additional £20 equipment fee.	£50-£85 plus possible £20
Terminal Handling Charges (THC) for a Reefer Container (Note: For dry-van /ambient temperature containers this figure is significantly less).	about £220.00
Shipping lines generally give free **Demurrage** periods at UK ports, which range between 3-8 days, depending on the line and port. After the free demurrage period, lines will start charging. Fee structures do vary significantly between shipping lines. Some have fixed demurrage rates (e.g. £110 per day); others operate a sliding scale (e.g. £20 per day after 3 days and £75 after 5 days). Additional demurrage related invoiced items charged by some shipping lines include, but not necessarily: • £20 per day for the container lease • £25-£75 per day for temperature control monitoring • £15 quay rent per day	From Nil to £110 per day (for a 20-footer) plus potential additional daily charges that might amount up to a further £60 - £110

Source: Interviews, 2012

Within the interview sample agents and importers had experience with a wide range of shipping lines, including (without any particular order) Maersk, Compañía Sud Americana de Vapores (CSAV), Hamburg Süd, CMA CGM, and others. Fees as listed in Figure 12 are dependent on the terms negotiated between the port operator and the respective shipping line. Shipping lines are generally free to choose whether to pass on fees at cost or with an up-lift. Noteworthy is that in the UK, shipping lines are known to be able (at least amongst those in the industry) to negotiate, depending on the container terminal, free demurrage for periods between 5 and 8 days (sometimes longer). Yet, some shipping lines do start charging their customers as soon as containers are delayed for more than two days. Additional daily charges, such as temperature control monitoring may also be levied by the shipping line. Importers who procured their goods on a CIF basis have little choice other than to accept these charges[14]. Subsequently, one of the interviewed traders expressed a very strong preference for FOB contracts where possible.

All interviewed importers stated that they use specialist agents for their inward logistics operations, instructing them as direct representative in aid of customs and port clearance as well as the responsible party for collecting cargo from the port and delivering it to its final UK destination. While the specific commercial arrangements are confidential, it was felt that agents are able to clear cargo through the ports more expediently and at a lower cost than if the importers were to arrange for it themselves. Importers also stated that though most shipping lines offer very competitive “liner haulage” – i.e. the shipping line arranges for port clearance and onward transport – their level of service was thought not to be responsive enough and lacked the personal interaction required for expedient clearance, especially through port health and customs (see below).

While transport costs are not part of this study, it is worth highlighting that all interviewees reported that shipping lines generally require empty refer-containers to be returned to the port. Effectively this means that where haulage is arranged on a merchant haulage basis (i.e. the importer or his freight forwarder arranges for collection from the UK and delivery to the final destination) the additional expense of returning the empty container has to be factored in. In contrast, shipping lines have a network of inland depots where they may choose to temporally store empty containers – thus enabling the driver to collect a return load back to the port after dropping off the empty reefer at the depot. However, some interviewees stated that there are a few exceptions and some shipping lines do permit empty containers to be returned at different container ports within their network. For example, the merchant haulier may pick up a container at Felixstowe and return the empty container at Southampton.

UK road haulage is very competitive. The UK’s Road Haulage Association publishes figures relating to truck operating costs alone, which for a typical truck with trailer are in the region of £316 per day plus 78.8 pence per mile (RHA 2013). Additional costs relating to the actual job, such as collecting and dropping the containers within very narrow time windows, not to mention the need to keep containers temperature controlled, need to be factored into the freight rates, too. Likewise, a sustainable profit margin is necessary if the haulier wants to remain in business – which of course is dependent on market conditions and the haulier’s level of service. Subsequently, it is difficult to give a firm indication about road haulage rates, other than that they are cost, market, service and route dependent. In the absence of any detailed research into UK haulage rates, an indicative figure of £850 for longer haulages (as suggested by some of the interviewees) would not feel out of place.

Likewise, specific ocean liner rates for the shipment of containers were not part of this study either, and very much dependent on the route, service requirements, the total volume of containers shipped, the nature of the relationship between the shipper and the shipping line and, of course, the wider economic conditions that dictate the demand and supply for shipping capacity. However, to give a broad indication, several of the interviewees confirmed that in 2011/2012 the shipping rates for a 20-foot container from South America to the UK ranged between USD 2,100 and USD 3,200 (Bunker Adjustment Factor included), depending on the country of departure, shipping line and type of product.

[14] In contrast, if they had procured on a FOB basis they could go back to the shipping line and threaten to take their business elsewhere

5 THE PROCEDURES

5.1 RURAL PAYMENT AGENCY - IMPORT LICENSING[15]

5.1.1 BACKGROUND:

Meat, amongst many other agricultural products, falls under the European Union's (EU) Common Agriculture Policy (CAP) and may be subject to import licensing requirements. Licenses are used by the EU authorities to monitor and restrict the imported volume of any particular CAP good. Licences may also be used to confer access to a reduced (preferential) duty rate – so-called "quota licences". While import licences are not always required for full-duty imports of fresh and chilled meats (e.g. beef, lamb and poultry), import quotas are required for some frozen meats as well as meats that are imported under tariff preference arrangements.

Duty savings resulting from preference conferring quota-licences are significant and a key consideration when procuring meat for import from outside the EU. For example, the import of high quality boneless beef (falling under tariff commodity code 0201 30 00 10) currently[16] attracts a duty rate of 12.80 % + 303.40 EUR / Hectokilogram. While there is no mandatory requirements for an import licence for this commodity, if imported under a preferential duty quota duties[17] can be as low as 0% (depending on the country of origin).

In the UK EU-import licences are issued by the Rural Payment Agency (RPA) upon application by the importer against a financial security (bond). The securities can be set-up at RPA authorised banks and insurance companies. The amount of security is specified in the relevant regulations concerning the import quota (and does vary, depending on licensing regulations governing the trade with the country of supply and the specific product). Licences are only valid for a set period of time by which they have to be used up. The security is forfeited if the quantity of goods for which the licence was issued is not imported.

Unless the importer makes a specific request for a paper document, import licences are issued by the RPA electronically. Paper licences are only needed if the importer intends to use the licence in another EU member state. The main advantage of using an electronic licence in the UK is that it can be electronically linked to the UK customs import declaration and be automatically written-off against the importer's security.

In the case of lamb from **New Zealand**, UK importers do not need to apply for an RPA import licence. Instead, EU quotas are allocated by the New Zealand Meat Board, upon application, to the exporters. UK/EU Importers merely require the original certificate of origin as issued by the New Zealand Meat Board (New Zealand Meat Board 2013). When presented at import with the customs declaration, the Certificate

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[15] This section has been prepared by drawing on interview notes, own expertise, governing regulations and public notices – in particular HMRC's Notice 780 (2011), the UK's www.gov.uk information portal (GOV.UK 2012), the UK's online Trade Tariff (GOV.UK 2013), RPA's ET1 leaflet (2012) and the RPA scheme guides for the trade in Beef and Veal (2012) and Pork and Poultry (2012).

[16] January 2013

[17] In this specific case they are allocated by HMRC on a first-come first-served basis.

of Origin confers a preferential 0% duty rate. Moreover, interviewed importers of New Zealand lamb explained that since the tariff quota for New Zealand lamb exceeds the available supply, importers currently do not need to worry about the quota becoming critical[18] or used-up[19].

5.1.2 REQUIREMENTS / PRECONDITIONS

To obtain an import licence in the UK, the importer needs to be registered with the RPA. Registration requires the importing company to complete an 8-page form (Form CREG01) and submit it by post. The form can be downloaded from the RPA website[20] and requests details about the company, its signatories and the company's bank account. The registration is valid indefinitely, but does require that whenever registration details change (e.g. fax number, names of signatories, office address, bank account) that appropriate notification to the RPA is made. There is no charge for registering with the RPA.

While many types of import licences are awarded on a "first-come first-served" basis, a number of import licensing regimes set conditional eligibility requirements. These requirements include: a valid EU VAT number (obtainable in the UK from HMRC); and evidence of trade in the relevant product for 12 months prior to the time of application and 12 months prior to that period.

Since the licence application is conditional upon a security (that is, a financial guarantee), most importers of scale will choose to make arrangements with a suitably approved bank or insurance company and set-up a so-called "block guarantee". Although other financial security mechanisms – such as payment by cheque to the RPA – exist, the block guarantee ensures faster turnaround for licence applications. All interviewed traders stated that the block guarantee facility is an essential pre-requisite for trading.

Block guarantees work in a similar way to bank accounts with a credit facility from which the RPA is able to draw the required security whenever the importer is under obligation to provide one. The main procedural benefit of a block guarantee is that the RPA does not have to wait for cheques to be cleared. Governing regulation requires that if a guarantee is to be provided by cheque, it must be lodged at least 10 days before the security is needed[21]. The RPA aims to make licences available on its electronic system within 5 days of receiving the importer's application (which includes the security).

A list of RPA approved banks and insurance companies can be viewed on the RPA website. Cost and effort for setting-up financial guarantees with banks and insurance companies vary depending on current interest rates and market conditions. Interview data suggests that banks charge somewhere in the region of 3-4% of the guaranteed sum and insurance companies at or below 1%. Often guarantee facilities are bundled with other financial services, such as business banking, trade finance and insurance.

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[18] The quota becomes critical once 75% of the annually available quota (228,254 tonnes) has been used. Once critical status is reached – which it has not for the past two years – the importer would need to provide a security to the RPA.

[19] Requiring the importer to pay full duty – currently 12.80 % + 222.70 EUR / Hectokilogram – as opposed to 0%.

[20] http://rpa.defra.gov.uk/rpa/index.nsf/b50e2d95da0b0bda80256f8100404bc7/8ec10551f5dd0cbb8025701b0048120d/$FILE/ATTSH4VN/CReg%2001%20v4.0%20dec%202010.pdf

[21] Article 14(2) of Commission Regulation (EEC) 2220/85

Since the security is dependent on the specifications for any given licensing regime (and country) it is difficult to make general assertions about any one importer's guarantee arrangements. However, interview findings suggest that companies importing 300-500 containers per year from the key markets in South America and Australasia have guarantee requirement close to £1 million per year; which currently, if lowest markets rates are negotiated, amounts to something in the region of £10,000/year or less.

5.1.3 PROCEDURE

Apart from registering and setting-up a security arrangement with the RPA (which is a one-off exercise), the import licensing regime has two principle components. The first relates to **obtaining the import licence**; mostly valid for a set period (e.g. three months). The second relates to **using the licence** whenever making an import declaration to customs, until the licence has been used up or expires.

5.1.4 OBTAINING A LICENCE

There are two ways by which importers can obtain an import licence. The first is to apply for a licence from the relevant authorities, which in the UK is the RPA. Failing that (for example, because the licence is no longer available), the importer may, where permitted, purchase a licence from another importer in the UK or EU; in which case the seller would have to notify the RPA and transfer the licence over. The transfer of licences (where permitted) is subject to certain conditions and legibility criteria set-out in the licence's specific regulation.

Application Steps:

1. Fill in an application form and send it to the RPA by post, fax or e-mail
2. Unless the importer has already set-up a block guarantee arrangement, the importer needs to deposit a security by cash, cheque or bank transfer
3. RPA will process the licence application as follows:
    a. If for use in the UK, the RPA will make the licence available **electronically** within five days and notify HMRC's electronic system, CHIEF. Once the RPA receives confirmation that the import licence has been electronically uploaded onto the CHIEF system the RPA will send details to the applicant.
    b. If the licence is for use in another EU member state (or to be transferred to another trader in another member state), the applicant can request a **paper** licence; a copy of which will be posted to him. The RPA also permits existing electronic licences to be converted into a paper licence for any remaining quantities on the licence.

5.1.5 USING THE LICENCE

Electronic licence:

1. Upon import into the UK the importer or his agent makes reference to the licence in their customs declaration
2. The customs computer (CHIEF) automatically attributes the customs declaration against the import licence. Assuming all has been correctly lodged, the importer or agent does not need to do anything further

3. The RPA returns the security back to the importer.

Paper licence (e.g. where the licence has been issued by the authorities in another EU member state):

1. The importer can either:

    a. send the paper licence to the RPA and ask them to convert it into an electronic version prior to import; and then proceed as detailed above

    b. use the paper licence by sending it to HMRC's National Clearance Hub (NCH) in Salford. This procedure requires the importer to:

        i. fax a copy of the licence to the NCH

        ii. post original document to the NCH (the use of recorded delivery is strongly advised); and

        iii. the NCH will attribute and stamp the reverse of the licence and return by post

        iv. the importer or his agent needs to present the stamped paper licence to the UK Border Agency at the port. The UK Border Agency will check the document, and attribute and stamp the original licence if everything is satisfactory.

5.2 VETERINARY HEALTH CHECKS, PORT HEALTH AND BORDER INSPECTION POSTS[22]

5.2.1 BACKGROUND

Animal products such as meat from countries outside the EU must be imported via a port or airport that has a **Border Inspection Post** (BIP) facility, which is approved for that product. At the BIP the product will be checked by an Official Veterinary Surgeon (OVS) as appointed by the local **Port Health Authority** (PHA). In the UK there are 18 operating BIPs, though only Felixstowe, Southampton and Tilbury cater for all animal products for human consumption. The other BIPs are restricted to receiving packaged meat goods (e.g. the UK's main airports), frozen, ambient temperature goods and/or fish (DEFRA 2012). As outlined in Figure 2, the main UK points of entry in tonnage and value terms are the BIPs at Felixstowe, Tilbury and Southampton. In declaration terms the airports Heathrow and Stansted actually lie ahead of Tilbury, taking second and third place (Figure 4).

BIP facilities in the UK are built and provided for by the port operator (Grainger 2012). These in turn are managed by the local Port Health Authority. In the UK, in most cases, Port Health is the responsibility of the Local Authority[23]. The Port Health Authority is staffed by Environmental Health Officers (EHOs) and Official Veterinary Surgeons (OVSs). The OVSs are responsible for performing veterinary checks on declared animal products, including meat. The port operator provides handling equipment and labour to

[22] This section has been prepared by drawing on own expertise whilst working in this area at SITPRO (the UK's former trade facilitation agency), interview notes, governing regulations and public notices – in particular the Border Inspection Post Manual (DEFRA 2012), the Veterinary Checks Directive 97/78/EC, Commission Regulation (EC) No 136/2004, the GOV.UK website (2012) and the various local authority websites (City of London 2012; Suffolk Coastal Port Health Authority 2013).

[23] The most local level of government administration in the UK.

ensure that goods subject to control are delivered to the BIP facility. Handling and costs incurred by the port operator are charged to the importer. Fees relating to processing Port Health declarations (the so-called CVED) are levied by the PHA upon the importer.

The European Commission's Food and Veterinary Office (FVO) periodically inspects the port's BIP facility (roughly every three years) to check whether it remains compliant with EU requirements. The UK's Department for Environment, Food and Rural Affairs (DEFRA) provides relevant UK policy support and notifies BIPs of any changes to legislation that affect veterinary checks. The UK's Food Standards Agency (FSA) provides policy advice and information on the public health aspects of imports of products of animal origin.

Perhaps unsurprisingly, given the multitude of government agencies involved in Port Health and a wide range of public and environmental health concerns, the list of potentially applicable regulations is long (see DEFRA 2012). However, as far as meat is concerned, the main piece of regulation is the Veterinary Checks Directive 97/78/EC. It requires that products of animal origin from outside of the EU undergo a documentary, identity and physical check. These are conducted under the responsibility of the OVSs. The applicable charges for these checks are charged by the PHA to the importer or the importer's agent.

All imported meat and meat products are subjected to a **documentary check**. The main document used by the PHA is the so-called Certificate of Veterinary Entry Document (CVED), which is specified in Commission Regulation (EC) No 136/2004. The CVED comes in two parts. Part 1 (the first page) is produced by the importer or clearing agent and then submitted to the PHA together with relevant supporting documents. In most cases traders or their appointed agents will use the European Communities' TRACES system for generating the CVED. Part 1 also serves pre-notification purposes, thus the importer or their agents are obliged to submit it (e.g. via TRACES) in advance of the goods' arrival[24]. Part 2 (the second page) provides space for the OVS to detail his decision on whether the consignment can be imported into the EU. UK Customs (HMRC) in turn will ask for a copy of the stamped and approved CVED before permitting the consignment's release from the port[25].

In support of the CVED declaration to the PHA the importer needs to attach the original Veterinary Health Certificate issued by the relevant authority in the country of export. In addition, importers may also need to attach copies of supporting transport and commercial documents; these include copies of the bill of lading, invoice and packing list. The authority issuing the Health Certificates must be approved by the EU Commission. The European Commission will conduct regular missions to review the capability of approved countries. If they are deemed unsatisfactory, the EU could withdraw their recognition of issued Animal Health Certificates[26]. Countries not authorised by the EU are not allowed to export veterinary products to the EU; any import of meat from such country would be denied entry. Prudent traders will want to check that original Health Certificates have been issued within the specifications set by the EU.

[24] Until recently the requirement was for at least 24 hours pre-notification; now it is sufficient to notify the PHA before the arrival of the goods.

[25] At ports using the CNS port inventory system HMRC may accept PHA confirmation within the CNS system. PHA officials, during the review process of this study, also made reference to plans for a HMRC project that links their CHIEF computer to TRACES, thus making the current requirement for fax copies of the CVED to be sent to the National Clearance Hub redundant.

[26] However, it was suggested in some interviews that this rarely happens, if at all.

Most products of animal origin, including meat, are also subject to an **identity check** which involves verification of the product against health marks, stamps and other necessary product and or package information required under EU legislation. A certain percentage of products of animal origin also **need to be physically checked**. The physical check may include sampling the product for pathogenic micro-organisms or illegal contaminants such as veterinary drugs residues or heavy metals. At UK ports both the identity and physical check is conducted at the BIP, necessitating the Port Operator to move the container to the BIP facility at the importer's or importer's agent expense.

Commission Decision 94/360/EC prescribes the level of physical checks for certain products. In general the minimum numbers of consignments to be subjected to a physical check are 20% for beef and lamb, and 50% for poultry, rabbit and game meats. For certain products where there is a known health risk, the European Commission may set from time to time a more frequent physical checks and compulsory sampling regime. Products that fail to satisfy import conditions may be re-exported, unless they have been found to be a risk to human or animal health – in which case they will be sent for destruction by incineration at the importer's expense.

UK's DEFRA requires the BIP to sample at least 1% of all physical checks and routine sampling at BIPs ranges between 1-10% of all physical checks. Any samples taken as part of the physical check will be sent by the PHA to an officially accredited laboratory. Laboratory fees for standard tests are included in the PHA's standard fee for CVED checks. While specific figures on time and delay relating to physical and identity checks are not widely available, one PHA at one of the larger UK container terminals reported that the average delay in port clearance resulting from identity and physical checks amounts to 1.8 days. However, many laboratory tests, especially where bacterial cultures need to be grown, can take several days to complete, sometimes weeks if there is a backlog at the laboratory. A typical test is likely to take 3-5 working days; a subsequent delay for the importer, once delivery to the laboratory and non-working days (weekends) is brought into consideration, tends to amount to 7 days. With very few exceptions, goods are not permitted to leave the BIP until test results have been returned.

The European Union has reached a special agreement with a handful of meat exporting countries, which provides for a reduction in BIP checks (94/360/EC). These include Canada, Chile, New Zealand, Switzerland and theUSA. Inspection requirements for New Zealand lamb imports are particularly favourable. **The EU-New Zealand equivalence agreement** provides for an exemption from most identity checks and a 2% physical inspection frequency (DEFRA 2012) – significantly lower than the 20% to 50% that normally applies. Subsequently, the majority of New Zealand meat produce does not need to be physically presented to the PHA at the BIP and can be released from the port as soon as it has been customs cleared – usually in less than 3 hours. .

5.2.2 REQUIREMENTS / PRECONDITIONS

There are no *facto* requirements upon the importer or his agent prior to making the declaration to the PHA at the BIP. However, in practice there are two *defacto* registration requirements without which clearance will be significantly delayed. The first is to set-up a payment facility with the local authority. In the UK, local authority guidelines require health authorities to recover their expenses at cost before incurring them. Thus, any costs for inspection, exam and laboratory test should be paid "upfront". Only once payment has been received can inspection and any subsequent testing proceed. Irrespective of these guidelines for upfront payment, there are a few local authorities who will permit the port health authority to carry out checks regardless of whether a credit has been made (and will then chase any debtors afterwards). Payment options do vary from one port to another, but generally include payment by cheque and bank transfer; though payment by telephone (with credit card) and over the internet is also available at some authorities. To help speed-up the payment some of the larger port health authorities also allow importers or their agents to set-up an account in which they deposit an amount of money from which the PHA can automatically draw from whenever required.

The other *defacto* requirement is to register on TRACES. While it is possible to make CVED declarations to the PHA without TRACES, the PHA is then obliged to lodge the data onto TRACES themselves – for which they will charge an administration fee. Public use of the TRACES system is free. Thus, to avoid the PHA TRACES charge most importers or their agents will choose to use TRACES themselves – and will register on the TRACES system accordingly.

5.2.3 PROCEDURE

1. The exporter, after having successfully appointed an official veterinarian to check the consignment and its loading for export, sends the original **Veterinary Health Certificate** to the importer.

2. The importer or his appointed agent prepares Part 1 of the **CVED** using the electronic TRACES system and submits the electronic record via TRACES to the PHA at the BIP[27]. This notification needs to be made before the arrival of the consignment (though most importers and agents interviewed in this study stated that they make it days in advance, sometimes weeks[28]).

3. Most importers or their agents also use TRACES to produce a paper print-out of the CVED Part 1. This paper copy of the CVED is sent (by post, courier or messenger) to the PHA at the BIP together with the original Veterinary Health Certificate and any other necessary supporting commercial or transport documents, such as the bill of lading, commercial invoice and packaging list.

4. The OVS at the BIP conducts applicable checks. This will include a documentary check and in most cases an identity check, too. Further physical checks are likely to apply:

    - **Documentary checks** are an "examination of the veterinary certificates or documents accompanying a product" (97/78/EC) and include a check of the original veterinary certificate against the CVED Part 1 declaration made by the importer or his agent; often this check also requires supporting relevant transport and commercial documents. The BIP retains the original documents but the OVS must provide authenticated copies to the importer or agent upon request

    - **Identity checks** – with a few exceptions, such as meat imported from New Zealand under the EU-New Zealand Equivalence Agreement – are also mandatory and must be conducted at the BIP. The PHA instructs the port operator (or stevedore) to deliver the consignment to the BIP facility for inspection. The identity check involves an inspection by the OVS, comparing the documents provided against the actual consignment. In the context of maritime containers, this often (though not necessarily) equates to a seal

[27] Some (mostly smaller) importers and agent refrain from using TRACES and notify the BIP by fax only, using a paper version of the CVED form. In such instances the PHA will enter the details into TRACES themselves and charge the importer or their agents for the service.

[28] Though one Port Health officer at a larger port stated that in his experience, 15% of the CVEDs are submitted late and that some agents have a tendency of delivering CVEDs later in the afternoon, which does not lend itself well for same-day clearing.

check where the OVS compares the seal (and its number) attached to the container by the official veterinarian at the point of loading against the seal number recorded on the documents. In the absence of seals, or in addition to a seal check, the consignment may be opened and involves a check of health marks, stamps and labels against those recorded in the health documents

- **Physical checks** are to be carried out by the OVS according to the frequencies laid down in Commission Decision 94/360/EC or equivalence agreements. For fresh meat including offal and products of bovine, ovine, caprine, porcine and equine species the frequency for physical checks is currently set at 20% of all consignments. For poultry meat and poultry meat products it is 50%. Occasionally, the PHA may also take samples of meat and meat products under the "National Monitoring Plan" set out in Commission regulation 136/2004. UK's DEFRA requires the BIP to sample at least 1% of all physical checks and routine sampling at BIPs range between 1-10% of all physical checks. Any samples taken as part of the physical check will be sent by the PHA to an officially accredited laboratory

5. In addition to the above OVS checks, officers at the PHA may conduct additional controls and checks relating to temperature control, hygiene, food handling and labelling, amongst others.

6. The OVS, after completing his documentary, identity and physical (where selected) checks, will stamp and sign the CVED (Part 2 of the document) using the Local Authorities (PHA) official stamp. This is subject to the importer paying all applicable BIP inspection fees to the PHA.

7. The importer or his appointed agent collects the CVED from the PHA. Supporting original health certificates are retained by the OVS for at least 3 years. Authenticated copies may be requested by the importer.

8. The importer or his appointed agent will send (usually by fax or e-mail) a copy of the CVED to the HMRC National Clearance Hub (NCH) facility; this provides evidence to Customs that the PHA is satisfied for the consignment to be cleared. At ports that use the CNS port inventory system, such as at the London Container Port Terminal and Southampton, the PHAs confirm clearance in CNS which in turn relays that clearance on to the Customs Computer, thus cutting out the need to fax the CVED to the NCH[29].

9. From time to time, local authorities will check the source of meat products (e.g. at abattoirs and retailers) and can ask for the CVED as evidence that it has been legally imported. Importers are thus obliged to keep a copy of the CVED for at least one year from the date of import. Some importers may choose to ask their agents to hold the CVED on their behalf.

[29] MCP is looking at developing a similar functionality and HMRC is looking at integrating TRACES with CHIEF, which would also eliminate the need for importers to fax a copy of the CVED to the NCH.

5.3 HM REVENUE AND CUSTOMS[30]

5.3.1 BACKGROUND

All imports into the UK from outside the UK must be declared to customs and placed under "customs control" until released – for example, after paying all applicable import duties and meeting the conditions of any additional import controls such as those applied by the PHAs. As a member of the European Union – a Customs Union – HMRC works in accordance to the European Union's Community Customs Code (2913/92/EEC) and Implementing Provisions (2454/93/EEC) as amended. This, at the very least, requires imports to be pre-notified to HMRC in the form of a summary declaration (such as in the form of the ships Manifest) followed by a declaration to customs upon arrival and in some cases – for example where duty payment is deferred – by a supplementary declaration. 3.3 million declarations and 23 million supplementary declarations were made to HMRC in 2011. As discussed in Section 3, close to 98,000 declarations (approx. 4%) related to products of animal origin, necessitating a CVED.

All UK Customs declarations are handled by a computer system called CHIEF. Every UK importer needs to register under the Economic Operator Registration and Identification (EORI) scheme in order for CHIEF to recognise them. Most ports and their users are connected to CHIEF via specialist port Community Systems Providers (CSPs). These systems support the exchange of electronic information between shipping lines, the port's stevedores and customs. At some ports CSP functionality extends to also providing some limited services to the PHA, too. Membership to the CSP is subject to an annual subscription fee. The main CSP operators at the UK's container ports are Maritime Cargo Processing (MCP) and Communities Network Systems (CNS) with their respective Destin8 and CNS-Compass solutions. At airports the main provider is Syntegra with its CCS-UK system (Figure 13).

Figure 13: UK CSP operators by port

Port	Community System Provider
London Container Terminals	Community Network Services' (CNS) "Compass"
Felixstowe	Maritime Cargo Processing's (MCP) "Destin8"
Southampton	Community Network Services' (CNS) "Compass"
London Heathrow	Syntegra's "CCS-UK"

Source: review of procedures and interviews

There are alternative ways of declaring goods to customs, such as through a direct interface with CHIEF (so-called Direct Trader Input) or by submitting a paper declaration using the Customs form C88 and submitting it to HMRC's National Clearance Hub. However, these alternatives do not appear to be widely used by UK meat importers or their agents and did not feature in any of the interviewees' operations.

Thanks in part to the port community systems, UK HMRC will accept the shipping line's manifest in lieu of the legally required summary declaration thus freeing the importer or his agent from having to take make this declaration. HMRC uses the manifest data to conduct an initial assessment of the goods arriving on any given ship, and where necessary make requests to the port's stevedore or handling agent to deliver the consignment to the Customs examination shed or x-ray facility.

[30] Much of this section relies on primary legislation, including the European Union's Customs Code and its Implementing Provision (2913/92/EEC ; 2454/93/EEC), relevant Public Notices(e.g. HMRC 2013), interview data and previous research (Grainger 2007; Grainger 2012).

In the UK, port operators need to provide suitable customs facilities to HMRC as required under the Customs and Excise Management Act 1978 (CEMA). This includes requirements for handling and labour, such as taking containers from the stack – upon request for examination – to the customs inspection facility. Fee regimes vary from port to port. A dominant model, which is applied at the main container ports (Felixstowe, Tilbury and Southampton) is the use of a flat rate fee. At these ports all importers, regardless of whether their cargo is selected for a customs examination at the customs shed, are made subject to a customs examination fee. Charges, which are usually collected by the Port Community System on behalf of the port operator, range between £10.50 at Felixstowe[31] and £20.42 at London Container Terminals. However, if Customs are to make an x-ray request, then incurred costs are charged directly to the importer affected. X-ray presentation fees, levied by the port's stevedore, range between £52.68 per container at London Container Terminals and £56.80 at Southampton.

Inspection frequency for both physical and x-ray examinations is dependent on HMRC's risk assessment and other intelligence. Unlike for the PHA, inspection frequencies are not laid down by law. While statistics on inspection frequencies are not normally within the public domain, interviews suggest that they are not overly frequent, perhaps less than 5% (and probably testament to the interviewees' good standing with HMRC).

To reduce the burden on importers, customs and PHAs at several of the UK's main ports have also put in place agreements that permit customs officers to inspect cargo alongside the PHA staff at the BIP. This can reduce handling requirements significantly, especially as the majority of meat imports are already held at the BIP. In practice, these arrangements are dependent on HMRC's and the PHA's ability to coordinate their inspection activities. At some ports this is thought to work well, at others less so.

Upon arrival importers are obliged to lodge a **customs declaration** within 45 days if landed by sea or 20 days if landed by air. Given the time sensitivity of meat products, importers usually aim for as quick a release from the port as possible. In most cases agents will prepare the entries in advance. If the importer or agent so chooses, CSPs can automatically lodge the declaration on their behalf as soon as the ship arrives.

Customs declarations can be made electronically, but will require the declarant – usually the agent – to send supporting documents to HMRC's National Clearance Hub in Salford. Inevitably, this includes a copy of the stamped CVED. However, additional documents may include:

- The EUR1 for imports from countries that benefit from EU preference arrangement; amongst the main countries of supply in Australasia and South America the EUR1 is only applicable to imports from Chile
- The Certificate of Authenticity (sometime called the Hilton Certificate) for High Quality beef, generally attracting a lower duty rate than non-premium beef cuts
- The Certificate of Origin issued by the New Zealand Meat Board, conferring a preferential duty rate and tariff quota.

Amongst those importers interviewed the majority choose to make a full declaration at the port, which includes payment of duties – and assuming the PHA is satisfied – concludes with the "release into free circulation". Goods are released from customs control and the importer can take them out of the port and move and dispose of them as they wish. Clearance is dependent on supporting paper documents. These

[31] Though additional surcharges may apply.

include the stamped CVED as well as copies of the commercial invoice and any paper quota documents[32]. In some cases the importer may also be required to provide a formal customs valuation declaration. Any supporting paper documents need to be faxed or e-mailed to HMRC's National Clearance Hub (NCH) in Salford. Staff at the NCH will then attribute the documents to the electronic CHIEF records – and if in order, this concludes with the release from the port (and if duty is paid, released into free circulation).

Payment of customs duties can be made in various ways. Most importers interviewed choose to pay the duty together with the import declaration. Payment can be made by cheque or bank transfer or through a duty deferment account (where payments are made on a monthly basis). Providing documents and goods are in good order, the port may release the cargo to the importer.

Though none of the interviewed made much reference to Duty Deferment facilities within interview sessions, comments made by the IMTA secretariat suggest that these facilities are used by meat importers. Under customs legislation importers can either use the duty deferment facilities offered by their freight forwarder(s) or they may – if suitably authorised by customs – set-up their own. While the former would usually be subject to a fee – typically in relation to the value of the import – the latter would require the set-up of guarantee facility (e.g. as provided by a bank or insurance company).

Some importers may occasionally choose to place their goods into temporary storage, such as a customs warehouse (for example, instances where they have not yet obtained an import quota licence). Effectively, this means that goods can be released from the port but remains subject to customs control. Release from temporary storage depends on the specific arrangement between the warehouse (cold storage) operator and HMRC. Often, the importers that keep their goods in customs warehouses will use **Customs Freight Simplified Procedures** (CFSP) in order to clear their goods from the warehouse. In practice, CFSP allows the importer to clear goods from the warehouse using their own inventory management software – usually a commercial package such as ASM's GeMS product – and provide monthly summary reports to customs with the payment of duty.

5.3.2 REQUIREMENTS / PRECONDITIONS

There is only one mandatory precondition for importing goods, which is for the importer to register with customs and obtain an EORI number (see above). This is a one-off application and can usually be processed within three working days. Application for an EORI number can be made using an electronic form for submission via e-mail, or by paper and sent to HMRC's EORI processing team by post.

Additional registration requirements are optional, but will significantly aid import compliance operations. As outlined above, they include access to applicable CSP systems at the very least. They may also include applications for duty deferment accounts and the necessary guarantee facility with their bank or insurance provider. Likewise, some traders may choose to place goods into temporary storage, the use of which is also subject to a financial security (bond), which the importer can set-up with a bank or insurance company.

UK businesses also have the option of applying for Authorised Economic Operator (AEO) status. This is dependent on a set of legislatively defined pre-conditions and is dependent on the scope of the specific AEO arrangement applied for. While AEO status promises certain preferential treatment in terms of customs clearance and treatment, it does not currently extend to operations that have PHA dependencies. Subsequently, none of the interviewed meat importers viewed the AEO status as being relevant for their business. However, in anticipation of changes to customs law – the Union Customs Code

[32] That is if the importer is using a paper quota licence as opposed to an electronic quota licence.

– it was felt that the AEO status may, over the next few years, become more relevant and some of the interviewed agents and traders stated that they have applied for the AEO status. Others stated that they are adopting a wait-and-see approach in order to establish whether the AEO status will confer any meaningful benefits – especially as the AEO application process is thought to be very involved and time consuming.

5.3.3 APPLICATION AND USE

1. The importer instructs the agent about the shipment to the UK and sends to the agent all relevant documents, including a copy of the commercial invoice, shipping documents and the certificate of origin. Usually this also includes the Veterinary Health Certificate so that the agent can prepare PHA clearance, too

2. The agent, using his interface to the port's CSP or his direct access to CHIEF, files the customs declaration; often this is done days, sometimes weeks in advance. The agent may also need to send supporting documents, such as the commercial invoice and certificate of origin and, if in paper, the EU import licence, to the National Clearance Hub (NCH).

3. Upon completion of the Veterinary Checks, the agent or importer needs to send a copy of the stamped CVED (by fax or e-mail) to the NCH. Where the port uses the CNS system (Figure 13) and the Port Health Authorities confirms in CNS that the CVED has been stamped, there is no need for the importer or his agent to fax the CVED copy to the NCH.

4. Assuming HMRC has not requested a Customs inspection, HMRC will give permission to the port operator that goods may be released (usually via the port community system).

5. Agent will arrange for collection of the goods from the port.

6. Where goods have been placed into temporary storage the importer will have to pay duties and clear goods whenever they leave that facility. To this end, CFSP procedures are often applied allowing the declarant to make monthly summary declarations. Importer's CFSP records are subject to periodic audits (e.g. every three years).

7. The importer needs to keep records of the import in line with HMRC guidelines

5.4 ORGANICS[33]

5.4.1 BACKGROUND

Food sold as "organic", including meat, needs to be compliant with governing organic and food laws. For imports this means that they need to register with an organic control body such as the UK's Soil Association amongst others[34]. Organic produce imported into the EU – and assuming that the organic status for that product is recognised in the EU – are subject to a Certificate of Inspection (CoI). This CoI is usually provided by the producer in the exporting country. The UK importer needs to present the CoI to

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[33] Sources: http://www.porthealth.eu/Import-Process-ORGANIC.htm and https://www.gov.uk/organic-produce-how-to-become-an-importer plus interviews; The Organic Products Regulations 2009 as amended by The Organic Products (Amendment) Regulations 2010.

[34] http://archive.defra.gov.uk/foodfarm/growing/organic/standards/certbodies/approved.htm

the PHA at the port of arrival. The PHA in turn will check and endorse the CoI for which a £45 pound fee applies.

5.4.2 REQUIREMENTS / PRECONDITIONS

Importers wishing to import goods produced and sold under the “organic” label need to be registered with an approved organic control body. Registration procedures and fees will vary depending on the body used.

5.4.3 APPLICATION AND USE

1. The importer receives the certificate of Inspection from the supplier.
2. The importer or agents pre-notifies the PHA at least 24 hours in advance. This is usually done by submitting the original Certificate of Inspection (CoI) document to the PHA.
3. The importer or agent pays a £45 fee to the PHA.
4. The PHA conducts a documentary check to ensure that the CoI is valid and authentic.
5. The completed CoI is returned to the importer or agent.
6. The stamped CoI must accompany the consignment to the consignee’s premises, where it must be kept for 2 years.

5.5 PORT PROCEDURES

Ports, under the Customs and Excise Management Act 1979, need to be authorised by HMRC in order to receive or load cargo for trade with countries outside the European Customs Union. They are also required to keep inventory records of all goods held within their boundaries and be able to take cargo to appropriate inspection facilities as directed by HRMC. To this end, ports require systems that ensure that they know the customs status of any given item of cargo on their premise. At UK container ports **Port Community Systems** providers help ensure that inventory records are always current (as has already been outlined in the previous overview of customs, Section 5.3). Of relevant to UK meat importers is that they or their agents need to have access to these systems, which for the UK’s main ports are MCP’s Destin8, CNS’s Compass and BT’S CCS-UK (Figure 13).

Annual charges by the respective community systems providers range between £1500 and £2250 per system. Initial set-up charges, e.g. in the form of joining fees and connection charges, may also apply. These costs will increase with the number of offices and users. Amongst the interviewed agents, all relatively small in operation, one connection to MCP and CNS was considered sufficient. Annual expenditure on PCS subscriptions thus amounts to about £3000. Furthermore, PCS also charge for each declaration. While fee regimes differ significantly published schedules suggest a range between £1.70 and £4.30 per customs entry[35].

Also of relevance is that while inspections are conducted by HMRC and the PHA officers respectively (the former free and the later subject to published charges), importers also need to pay the port operator/stevedore for handling and **dock labour**. Such charges will differ significantly from port to port

[35] So-called Direct Trader Entry (DTI) charges

and type of control, ranging between £69.57 and £110.13 for PHA inspections at the BIP (seal and/or physical inspections) and £0 and at least (if not more than) £218.20 for physical customs examination – which is in addition to the customs inspection levy charged on each container, ranging between £10.50 and £20.43 at the UK's three main container ports. Charges for customs X-ray exams range between £52.68 and £56.80 per container, depending on the port.

The ports' Vehicle Booking Systems (VBS) and procedures are another important consideration for importers of time sensitive goods, such as perishables. Ports rely on their respective VBS systems in order to manage queues at their gates. Bookings can normally be made by using a dedicated web-site or by phone and will require users to register. At Felixstowe there is also a nominal £1 registration fee. Fees differ from one port to the next; most ports distinguishing between peak and non-peak times. Failure to turn up at the booked time will usually be subject to a fine – which is to prevent hauliers from making speculative bookings (Figure 14). However, some agents stated in interviews that their ability to collect containers from the port expediently as soon as cleared is a key service consideration for their customers (the meat importers). They thus will often book slots in advance of whether containers are ready for collection – often in advance of their arrival, sometime months ahead on a speculative basis.

Figure 14: Vehicle Booking Charges at UK Container Terminals, 2013

Port	Peak time / Guaranteed Slot	Off-peak time / Allocated slot	No-show
London Container Terminals	£6.70	Zero	£30
Felixstowe	£15	Zero	£30
Southampton	£1.09	£zero	£27.17

Source: the websites of Felixstowe and Southampton and e-mail correspondences with LCT

5.6 SUMMARY OVERVIEW OF ALL PROCEDURES

The review of applicable procedures for the import of meat into the UK shows that there are five broadly defined procedural areas that concern the import of meat into the UK. These are the legislatively defined procedures concerning the Rural Payment Agency and import licensing, veterinary entry at the ports' BIPs under the control of the port health authority and OVS as well as UK customs (HMRC). Further procedures apply to the shipping lines and ports. Figure 15 provides a summary of all necessary transactional steps for importing meat into the UK.

The total number of transactional steps amounts to 26 (Figure 16). Compliance responsibility can be attributed to the Exporter, Importer, Importer's Agent at the Port, the Shipping Line, the Port and the Authorities. Compliance activities will be performed either: months ahead, weeks/days ahead, at arrival or after arrival (Figure 17)

In terms of electronic systems, TRACES is essential unless the importer or agent is willing to pay the PHA a processing fee (charged to recover the cost incurred for entering relevant data into the TRACES system). Access to the applicable port community system at the respective ports is essential for the agents, too. Thus, registration on TRACES and the main PCSs – CNS and Destin8 – can be categorised as essential prerequisites for importing meat. Equally critical for agents are the respective ports' vehicle booking systems. In addition, some agents who might also be involved in airfreight operations may choose to subscribe to Syntegra's CCS-UK. Many agents and traders may also have their own customs management systems, possibly with Direct Trader Input (DTI) links to customs or subscriptions to specialist customs bureau service providers. In addition to the electronic systems there are at least four paper documents that are mandatory for the import of meat into the UK (the Health Certificate, the CVED, the Commercial

Invoice and a Shipping Document), possibly as many as six if subject to an EUR1 and/or Certificate of Authenticity (Hilton Certificate). In some instances a paper customs declaration, a paper import licence and an organic certificate might apply, too (Figure 18).

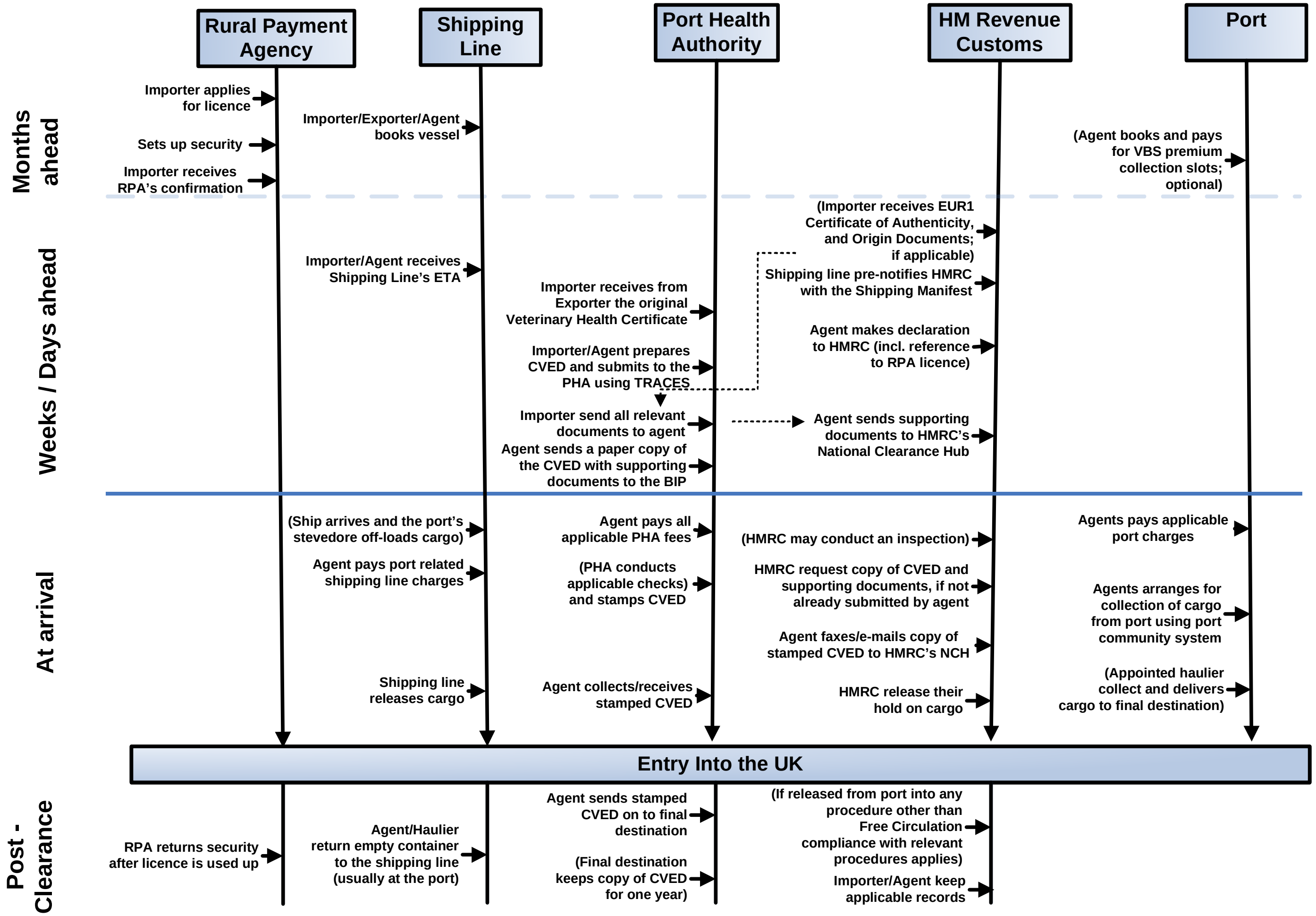
As outlined in section 5, each body of procedures will have authorisation or set-up requirements; this has been summarised in Figure 19. Figure 20 summarises the type of inspections to which UK meat importers are exposed (by HMRC and the Port Health Authorities), including inspection frequency and estimated delays resulting from the control. Once goods have been released from the port, additional costs can arise from resulting follow-on activities and requirements as summarised in Figure 21

Figure 16: Number of transactional steps necessary for importing meat into the UK by procedure (excluding inspections and physical operations)

	RPA	Shipping Line	PHA	HMRC	Port	Total
Months Ahead	3	1				***4***
Weeks / Days ahead		1	5	3		***9***
At arrival		2	3	3	2	***10***
After-arrival	1		1	1		***3***
Total	***4***	***4***	***9***	***7***	***2***	***26***

Source: derived from Figure 15

Figure 15: Transactional steps for meat imports into the UK; operational and non-mandatory steps are indicate in brackets



Source: developed from the review on trade and customs procedures, including interview notes

Figure 17: Number of transactional steps in import compliance operations for UK meat imports by party responsible

	Exporter	Importer	Agent	Shipping Line	RPA	PHA	HMRC	Total
Number:	1-2	4-7	10-13	3	2	1	2	**26**

Source: extracted from Figure 15

Figure 18: Essential and optional electronic systems and paper documents needed for UK meat imports, 2013

	Essential	
	Electronic Systems	**Paper Documents**
Essential	1. TRACES 2. CNS (Tilbury, Southampton) 3. MCP-Destin8 (Felixstowe) 4-6. The Vehicle Booking Systems at the three main container ports	1. Health Certificate 2. CVED <u>Supporting commercial documents:</u> 3. Commercial Invoice 4. Shipping documents (e.g. B/L and Packing Lists) *5. (EUR1 (Preference document); where applicable)* 6. *(Certificate of Authenticity for High Quality Beef where applicable)*
Total	6	4-6
Optional	1. CCS-UK (UK Airports) 2. Bespoke or off-the-shelf customs software and systems 3. Systems used by the respective shipping lines (often web-based)	1. RPA Import Licence (if not electronic) 2. C88 customs declaration if making a manual paper based customs declaration (an unusual choice) 3. Organic certificate (if applicable)

5 Source: review of procedures and interviews

Figure 19: Set-up and authorisation requirements for importers and/or their agents by specifying organisation

Specifying Organisation	Set-up / authorisation requirements for importer and/or agent
RPA	• Most importers will choose to set up a Block Guarantee for the benefit of the RPA with their bank or insurance provider
Port Health	• Most importers/agents may choose (where available) to set-up credit facilities with the Port Health Authority in order to enable automatic or expedited payment to ensure that checks and controls are processed expediently. • TRACES registration
HMRC	• EORI number
Ports	• Annual licence fees for use of port community systems (transaction costs for each declaration made using the system are invoiced separately) • VBS registration
Shipping Lines	• Shippers and importers may choose to set up an account (possibly with credit facilities) with the respective shipping lines to automatically pay for shipping line charges and fees

Source: review of procedures and interviews

Figure 20: Exams and controls for UK meat imports, frequency and estimated resulting delay, 2013

	Type of control/exam	Frequency	Estimated Resulting Delay in Port Clearance
HMRC	Physical exams	Risk based; estimated at <3%	Within 0.5 working day if performed in the morning; if 15:00 NCH[36] deadline is missed, clearance will be on the subsequent working day
	X-ray scans	Risk based; estimated at <3%	Within 0.5 working day if performed in the morning; if 15:00 NCH deadline is missed clearance will be on the subsequent working day
Total HMRC	Interviewees who commented on this subject felt that HMRC exams generally do not lead to delays beyond 24hours.		
BIP/PHA	Documentary Check	100%	None – will usually be performed together with Identify Check
	Identity Check	100%, unless otherwise specified	Within 0.5 working day, if performed in the morning; if 15:00 NCH deadline is missed clearance will be on the subsequent working day
	Physical Check	20% for beef and lamb; 50% for poultry	Within 0.5 working day if performed in the morning; if 15:00 NCH deadline is missed clearance will be on the subsequent working day
	Testing of samples at officially appointed laboratories	0.2% - 5% (ie. 1% - 10% of all physically checked consignments)	7 days on average for detained microbiology samples; delay resulting from chemical tests may be 5 working days
Total For BIP	One PHA reported an average delay at its BIP of 1.81 days; this figure considers all three types of checks.		

Source: review of procedures and interviews

Figure 21: Post Import Clearance transactional related activities in UK meat imports

	Activity
RPA	• Refund of security once licence is used
PHA	• Keep CVED documents for one year
HMRC	• Keep relevant documents and records • Any subsequent customs procedures in instances where cargo has been cleared under customs control (e.g. for duty suspense, customs warehousing, CFSP and/or period entry)

Source: review of procedures and interviews

5

[36] NCH: HMRC's National Clearance Hub in Salford

6 TRADE AND CUSTOMS COMPLIANCE COST

Following from the overview of procedures provided in Section 5, four distinct cost categories can be identified:

1. Set-up and authorisation costs
2. costs of a transactional nature specific to clearance of cargo through the port and authorities
3. additional costs incurred in instances where goods are subjected to inspection; and
4. post-clearance transaction dependent costs which have been incurred in the context of document storage, inland clearance and/or deferred customs entry.

The study focuses on the first three cost areas; which are independent from post clearance customs arrangements and any company specific document management practices. While all interviewed parties are heavily involved in clearing goods expediently though the authorities and ports, post clearance operations were largely described as insignificant (and hence are not discussed at any level of detail within this report).

Principle unit of focus for the below review of compliance cost is a refrigerated 20-foot standard container imported in the UK via one of the UK's three main container terminals. This, as already discussed in Section 3, appears to be the most usual unit for importing red meat into the UK.

6.1 SET-UP AND AUTHORISATIONS COSTS

Most trade and customs procedures require importers or their agents to register with relevant authorities and supporting organisations first. While some are mandatory for UK meat importers, many are voluntary, but will confer significant operational or procedural benefits which any for-profit organisation would not want to be without. Figure 22, below, lists all those set-up and authorisation costs incurred by UK meat importers and/or their agents. The column "Specifying Organisation" lists the organisation that makes the set-up/authorisation requirement necessary. "Description" provides a short narrative on the cost.

All listed set-up and registration requirements have been described in interviews as minimal and can be arranged within a few hours, at most perhaps a day, such as for a Block Guarantee with the Bank. Interviewees generally felt that these costs are absorbed within regular staff employment and operations costs. Most of the procedures driven by the public authorities – such as registration with HMRC or on the European Commission's TRACES computer system – are free of charge. In contrast, one-off capital investments and annual subscription fees for the port community systems (CNS at London Container terminal and Southampton, and Destin8 at Felixstowe) can amount to a minimum of £3000 (and more, if access for multiple users at different locations is required). A further £2246 applies if the agent requires own access to the CCS-UK systems at the London Heathrow and Stansted airports. The vast majority of systems purchase costs, as outlined in Figure 22, are incurred by agents. These will seek to recover part of this expenditure in the form of freight rates and service charges.

In terms of the labour and staff requirements required, it is difficult to commit to specific figures. Staffing figures specific to import compliance varied within the interview population between 2 and 6 persons. Some of these had cross-functional responsibilities and would, in additional to import compliance operations, be also involved in trading, logistics, sales and accounts. Within the most streamlined of the interviewed meat importers there was one dedicated import compliance manager who in turn was supported by one part-time administrative help, plus the occasional help from senior management.

Figure 22: Indicated minimum set-up and authorisation costs incurred by importers and their agents by specifying organisation, 2013

Id.	Specifying Organisation	Description	Burden on:	One-off capital costs	Annual fees and charges	Occasional Expenses incurred every other year, Non-quantified
1	Rural Payment Agency	Block Guarantee set-up costs with Bank or Insurance Company ([x])	Importer	-	£10,000.00	Periodic review
2	Port Health Authority	Set-up facility for payment of fees and inspection charges; might require user to make an upfront credit payment against which fees are deducted.	Agent	-	-	Periodic review
3	Port Health Authority	TRACES registration (use of system is free)	Agent & Importer	-	-	Periodic training
4	HM Revenue & Customs	EORI Application (registration on customs computer)	Agent & Importer	-	-	Occasional notifications about changes to company details
5	Ports	BT's CCS-UK facility fees (for London Heathrow)	Agent	-	£2,246.00	Staff training; re-connection fees (£108 per incident)
6	Ports	MCP's Destin8 system (Felixstowe): • joining fees • connection per site • subscription	Agent	£500.00 £156.20	£572.80 £1,050.00	Staff training (£250 per user if provided by system operator)
7	Ports	CNS system (for London Container Terminals and Southampton): • Connection fee • Single licence subscription			£1,584.00 £528.00	Staff training
8	Shipping Line	Payment system registration (e.g. for fees and charges); might require user to make an upfront credit payment against which fees are deducted	Agent	-	-	Staff training
9	Port	VBS set-up Felixstowe	Agent	-	£1	Staff training
10	Port	VBS set-up London Container Terminals	Agent	-	-	Staff training
11	Port	VBS set-up Southampton	Agent	-	-	Staff training
	Total			**£656.20**	**£13,735.80**	

Source: Interview data, published port tariffs and port community systems' tariffs, 2013

Amongst the interviewed agents – all of whom are specialists in the perishable goods business – staffing levels were below 20 persons. However, not all of these were directly involved in import operations and the responsibilities for most employees stretch across multiple business activities, such as transport management, sales and accounts. All interviewed agents had at least one dedicated person for managing customs and BIP compliance on their payroll, as well as one person spending the vast majority of his or her time managing the collection of cargo at the ports – much of which is dependent on booking and coordinating VBS slots which are often booked in advance of the ship's arrival in the port. Indeed, the agent's ability to ensure quick removal from the port as soon as the imported meat has been cleared by Port Health and Customs was described by several of the interviewed importers as a key performance requirement.

6.2 TRANSACTIONAL COSTS

6.2.1 PORT CLEARANCE

The transactional costs levied upon an importer in order to land and clear a cargo through a UK container port may range between £380 and £670 for a typical 20-foot refrigerated container, less if the meat is imported from New Zealand. The below Figure 23 provides a detailed summary.

Note: While airfreight has not been considered in Figure 23, all interviewed parties stated that it is significantly more expensive. Handling charges will be dependent on the airline and BIP charges on the specific facility used (Heathrow provides a choice of two). Port Health Inspections, as conducted by the Local Authority in Hillingdon, are charged in 2013 during regular hours (between 8:00 and 18:00) for 0-100kg at £50 per CVED. If greater than 100kg the charges are between £90 and £390 per CVED, depending on weight. An additional "out of hours" charge of £150 applies between 18:00 and 0:00, and £400 between 0:00 and 8:00. On Bank Holidays there is a further additional charge of £20. The DTI charges per entry, levied by Syntegra for declarations to HMRC via its CCS-UK system, are between £0.49 and £1.44 per clearance. This charge is dependent on the specific customs procedure applied and the CCS-user's overall volume of declarations in any given year.

6.2.2 POST CLEARANCE

Amongst the interviewed UK meat importers it was stated that containers are normally declared in full to Customs at the port for two reasons. The main reason is that PHA controls are mandatory at the port, so they might as well complete customs controls at the port, too. The second reason is that the products are mostly perishable in nature and there is no really economic justification for placing goods into temporary storage unless absolutely necessary – for example, because the importer failed to secure an import licence prior to the consignment's arrival in the UK. Subsequently, on very few occasions will traders choose to defer entry and utilise any post-clearance procedures.

As for the required document storage recruitments – e.g. for CVED's and customs clearance records – importers can rely on their agents to do this for them (some agents will already, for their own due diligence purposes, scan all transactional documents and archive electronically) or retain copies together with all the other documents relating to the trade.

The expense of document management and storage over and above what would normally be incurred in the trader's overall business operations is probably not worth accounting for. However, importers can, if they choose, request from HMRC copies of reports which summarise all entries made by their agents on their behalf. An annual so-called MSS-summary report costs £204 plus VAT, while customised reports for the same period cost £360 plus VAT. Monthly reports can be requested, too but require a minimum 12 month subscription period. None of the interviewed importers made use of this service.

Figure 23: Port Clearance Costs for UK meat imports, including Customs and Port Health, 2013

Item	Specifying Organisations	Description	Actual/Indicated	Low	High
1	Agent	Initial Document Check; Note: experienced meat importers are likely to do much of this work in-house.	I	£0	£15
2	PHA	Veterinary Checks • **London Container Terminals** and **Felixstowe** charge the minimum fees permissible under the EU's Harmonised Charges for Veterinary Checks: £43.74 (€55) per consignment up to 6tonnes and £7.16 (€9) per tonne, up to 46 tonnes; max £334.01 (€420) per consignment. For a typical 20-footer holding 12 tonnes of meat this amounts to **£86.70;** For New Zealand meat: £1.19 (€1.5) per tonnes, minimum £23.86 (€30) and no more than £278.34 (€350); For a typical 20-footer of meat with 12 tonnes the minimum charge of **£23.86** applies • **Southampton** also charges the minimal permissible charge, but applies a less favourable exchange rate. Published rates for 2013 thus are £48.71 per consignment up to 6 tonnes and £7.97 per tonne thereafter and no more than £371.95. For a 20-footer holding 12 tonnes of meat this amounts to **£96.53**.	A	£86.70 (NZ meat £23.86)	£96.53
3	Port Operator	Border Inspection Post (BIP) fee per container • London Container Terminal: £69.57 per container • Felixstowe: £92.00 per container • Southampton: £110.13 (£97.96 for non-refrigerated containers)	A	£69.57 (n/a for 98% of NZ meat)	£110.13
4	Agent	Direct Trader Input fee charged by PCS operators to agent for a customs entry; usually passed on to importer with an uplift to recover expenses and subscription costs) • London Container Terminals and Southampton DTI charge per entry using CNS: depending on agent's set-up, between £2.20-£4.30 • Felixstowe DTI charge per entry using Destin8: £1.70	I	£5.70	£15
5	Agent	Agent's charge for making a customs entry on behalf of the importer.	I	£20	£40
6	Agent	Dock levy for customs inspection per entry irrespective of whether an inspection is made; charged by agent at cost to importer • London Container Terminal: £20.43 per entry • Felixstowe: £10.50 • Southampton: £14.28	A	£10.50	£20.43
7	Agent	Agent's CVED production charge. Experienced importers are likely to do this in-house, using TRACES (ie. zero charge).	I	£0	£20
8	Shipping Line	LOLO charges charged by shipping line and passed on to importer by agent at cost	I	£50.00	£85

9	Shipping Line	Port Equipment charges charged by shipping line and passed on to importer by agent at cost	I	£0.00	£20
10	Shipping Line	Port Terminal Handling Charges for a 20-foot Refer container; passed on to importer by agent at cost	I	£220	£220
11	Port Operator	ISPS security charges per container; passed on to importer by agent at cost • London Container Terminal: £6.70 • Felixstowe: £10.50 • Southampton: £6.38	A	£6.38	£10.50
12	Port Operator	Infrastructure charges for rail gauge upgrades per container are passed on to importer by agent at cost • London Container Terminal: none • Felixstowe: £5.50 • Southampton: £3.00	A	£0	£5.50
13	Port Operator	Vehicle Booking Charges passed onto importer by agent at cost • London Container Terminal: Peak-hours £1 ; Off-peak £0; No-show fee £30 • Felixstowe: Guaranteed booking (e.g. during peak times) £15; ordinary booking £0; No-show fee £30 • Southampton: Peak-hour £1.09; Off-peak £0; No-show £27.17	A	£0.00	£15
		Total range of transactional costs per 20-foot container containing 13 tonnes of meat	**I**	**£382**	**£673**
		Range for NZ meat benefiting from the NZ-EU equivalence agreement	*I*	*£336*	*£490*

(Source: interview data for indicated cost figures and published tariffs and schedules for actual cost figures, 2013)

6.3 INSPECTION AND CONTROLS

Figure 24 (below) summarises the various itemised inspection costs that may apply in instances where HMRC or PHA decide to select cargo for inspection. These costs typically relate to charges that are over and above regular transactional charges – for instance, at most UK ports the port operator will charge a flat-rate customs inspection fee irrespective whether goods are subjected to an examination. Inspection costs components include those charges levied by the relevant authorities, the port operator and the shipping line. The most significant line-item at most ports will be 'demurrage', which is a charge levied by the port on the shipping line who in turn is free to pass on that charge plus any up-lifts they may wish to apply. Demurrage calculations differ significantly from one shipping line to the next and the shipping line's respective port of call (Figure 12).

Figure 24: Inspection costs depending on whether cargo has been selected for further inspection, 2013

Item	Specifying Organisations	Description	Actual/Indicated	Low	High
1	Port Operator	Customs Inspection Costs in addition to standard customs entry levy (see above) • London Container Services: [not known] • Felixstowe: £92.00 customs exam surcharge • Southampton: move to and from customs shed £38.84; outturn and repack per hour £179.20	A	£0	Depending on scale of job and labour requirements; e.g. Southampton 1h=38.84+1x£179.20
	Port Operator	Presentation to Customs for X-ray (likelihood less than 5%) • London Container Terminals: £52.68 per container • Felixstowe: £53.00 • Southampton: £56.80	A	52.68	56.80
	PHA	Laboratory charges; routine checks are inclusive in the CVED charge	I	0	0
	Shipping Line	Demurrage fees are charged by the Shipping Line[37] and vary significantly. Typically they arise where delays resulting from inspections coincide with non-working days at the BIP facility (e.g. weekends). At some the main UK container ports, where ships from the main countries of supply arrive on Fridays, demurrage is a common occurrence. Daily demurrage rates can range between £0 and £110 per day, plus a further £60 to £110 in charges, typically kicking-in after 3-5 days (see Figure 12). Average delay at one on of the UK's main BIPs for all goods with CVED controls requirements was reported to be 1.81 days.	I	0	The worst scenario is where goods are referred to a lab for further testing: Ie. 7 days hold-up plus weekend minus 2 days free storage multiplied by £110 demurrage plus £60 to £110 in additional fees; totalling a range between: 7 x (£110+60) & 7 x (£110+£110)= £1190 & £1540
		Total		52.68	~£1540

Source: Compiled using interview data and published port and port health tariffs, 2013

[37] Though Felixstowe charges shipping line calling at its port from day six £14.03 for containers less than 20-feet and £28.06 for containers of more than 20-feet; after 13 days the charge goes up to £37.90 and £75.80 per day. Other ports do not publish their demurrage fees for shipping lines.

7 ISSUES RAISED IN INTERVIEWS ABOUT THE COMPLIANCE WITH SET PROCEDURES

Interviews and the review of import licencing procedures have revealed a number of issues and operational challenges with implications on the trade and customs compliance burden.

7.1 RURAL PAYMENT AGENCY AND IMPORT LICENSING

Technical complexity:

Probably the main issue raised with regards to import licensing relates to the technical detail and diversity within the various licensing regulations. Licensing requirements, including requirements for supporting documents, eligibility, preferential duty and period of validly will differ depending on the type of meat and cut (e.g. lamb or beef, fresh, frozen, shoulder or leg), origin, commodity code and time-frame. For example, the RPA's leaflet ET9 for Beef and Veal (RPA 2012) lists four different tariff preference conferring licence regulations and three quota control regulations (Figure 25). For poultry meat even more regulations apply (RPA 2012). Subsequently, import licensing is frequently described as a very technical subject, best left to experts and seasoned practitioners. Most interviewed companies stated that they rely on the International Meat Trade Association (IMTA), a UK business interest association, in order to keep them up-to-date on licensing requirements.

Figure 25: Tariff preference and quota regulations for beef

Tariff **preference** conferring import licensing regulations for beef:

- High Quality Beef under Commission Regulation (EC) No 810/2008 for Beef from Australia, Argentina, Uruguay, Brazil, New Zealand and Paraguay.
- High Quality Beef from USA & Canada under Commission Regulation (EC) No 810/2008
- High Quality Beef from Chile under Commission Regulation (EC) No 297/2003
- ACP (African, Caribbean and Pacific states) Beef from Chile under Commission Regulation (EC) No 1528/2007

Tariff **quota** regimes for beef import licencing:

- GATT Beef under Commission Regulation (EC) No 431/2008 for meat of bovine animals falling under the tariff heading 0202 and products covered by the tariff code 0206 2991
- Thin Skirt under Commission Regulation (EC) No 748/2008
- Swiss Beef under Commission Regulation (EC) No 2092/2004

Source: RPA Leaflet ET9

Obtaining quotas

- For much of the meat trade, especially where quotas confer tariff preference, securing quota allocations is a business critical activity. Without the quota they may not bring in the product to the UK, or in the case of tariff preferences pay the full duty. Getting the application process wrong means that the importing business may have to forego the purchase from his supplier or sell procured meat short, for example at a reduced price in countries where quota restrictions do not apply. Alternatively, the importer may choose (at his expense) to place goods into a bonded customs warehouse (effectively deferring the point of import) until a quota for the consignment has been obtained (e.g. by purchasing it from a competitor). However, if importers apply for a quota that they are unable to honour (or sell on), they will lose the security that they have put up in order to secure it

- Another issue highlighted was that for some goods, especially poultry, the volume covered by a typically issued licence is insufficient for filling a 20-oot container[38]. One trader explained that the import of one full 20-foot container (12 tonnes) with poultry meat can require as many as 30 to 40 import licences; obtaining which, can be a prohibitively complex task[39]

- Some interviewed companies also made reference to practices where firms seek to improve their chances of securing import licences by drawing on closely related companies. Usually these are sister companies within the same group of companies. However, in some cases they might be empty off-the-shelf companies that have been specifically established by their parent company in aid of securing import licences. Once the licence is secured, it can be transferred to that company within the group who wishes to make the import – or it may even be sold-on to another trader for profit. Although such game-playing is permitted by those regulations that allow for licences to be transferred, it does add a significant degree of complexity to managing the import licensing application process.

Document control

- As outlined, securing import licences are a business critical activity for the meat trade. One interviewed importer explained that the RPA does not provide any receipt for applications. He thus felt that if the RPA were to lose the application, he would have no proof that he had actually made the application. This interviewed individual felt that if an application were to go missing at the RPA, he would find it difficult to prove to his employer that he had actually made the application. However, this very same importer highlighted that the RPA can be extremely approachable and helpful, and that he had a high level of confidence in their level of service

- Since licences are linked to securities, it is critical for importers that customs entries are correctly attributed to the licence. Failure of which will lead to significant delay in customs clearance and/or the likely forfeiture of the security. One interviewee shared an anecdote, describing an event during which the importer's agent linked the customs entry to the wrong import licence. As a result the importer failed to fully use the licence against which the entry should have been made; subsequently, the importer lost the security for that licence.

Special case: New Zealand Lamb

- The arrangement between the EU and New Zealand for the trade in lamb was described as a considerable simplification. This raises the question of whether similar trade facilitating arrangements can be agreed with other countries of supply.

7.2 PORT HEALTH

Paperwork and delay

- The procedures relating to the CVED are complex, involving multiple organisations (the port's stevedore, the PHA and HMRC at the very least). Much of the interaction between traders (or their

[38] To give an illustrative calculation, assume that a 200 tonne quota is available and 100 companies apply for it. Each applicant would then receive 2 tonnes. In order to import a 12 tonne container (20 foot) would thus require 6 import licences.

[39] Subsequently, this interviewed trader decided not to trade in poultry.

agents) and the government agencies remains paper based. Even though pre-notification through electronic means via TRACES to the BIP is common practice, the additional requirements for a paper copy plus supporting paper documents to the BIP, and assuming the CVED is stamped, the subsequent requirement at some ports for a copy to be faxed (or e-mailed) to HMRC, often gives rise to uncertainty about the exact clearance time and or delay

- Following on from the previous point, some (not all) of the interviewed importers thought that some individual OVSs have a tendency of only signing and stamping the CVED upon their return to the office after completing all examinations at the examination bench[40]. Subsequently, these interviewed agents/importers felt that clearance is needlessly delayed, especially where the officer fails to rotate the documents – in effect processing the last document, the one on the top of the pile, first and the first document, the one on the bottom of the pile, last

- In view of the uncertainty about BIP clearance times, interviewed UK meat importers and their agents generally choose not make any arrangements for collecting cargo from the port until the paperwork has been signed and stamped by the PHA. In contrast, where importers bring in consignments via Rotterdam, most reported that they feel confident about exactly how long clearance will take and will thus feel confident about making the necessary transport arrangements in advance

- Traders and agents feel that better integration between veterinary authorities and HMRC could be achieved – for example by subscribing to the Single Window concept.

Inspection and delay

- Some traders gave detailed anecdotal accounts of where changes in official inspection requirements at the BIP (for example, as a result of the introduction of new controls, changed inspection quotas or new testing procedures) have led to backlogs and subsequent delays, suggesting that there is scope for considerable improvement

- Some of the interviewed agents and traders, <u>but this was not shared by all</u>, felt that the OVSs in the UK might be overly zealous. One common anecdote that appeared in all interview sessions was that for a period of time imported consignments were being rejected by UK officials because official certificates issued in the country of export described “meat” as “meet” – an obvious spelling mistake – with everything else being in order

- Some interviewed importers also highlighted that overseas officials have in the past been issuing documents that were based on out-dated templates and inspection regimes – and where used, have often caused significant delay in BIP clearance. However, it was also acknowledged by some interviewees that the European Union is getting better at informing overseas officials about changes in forms and inspection requirements

- In interviews it was pointed out that prudent importers will conduct their own checks – either at source or upon arrival, sometimes at both ends. At present, there is no mechanism by which in-house quality controls and a good compliance record can give rise to a less frequent inspection at the BIPs

[40] However, during the field trip to the BIP at one of the UK’s main container ports the author was informed about ideas for mobile technology, which would enable a PHA official to sign and release cargo during inspection, rather than upon return to the office and after signing of the paper documents.

(unlike customs, who will consider the importer's past compliance record when deciding about conducting physical inspections).

Backlogs and inspection capacity constraints

- Most interviewees, working with the IMTA secretariat, were in discussion with the developers of Thames Gateway. They explained that before ports can become BIP authorised, they need to develop the appropriate BIP facilities first. BIPs are built in consultation with the local authority and DEFRA, but need to be approved by the European Commission. This process takes time and requires a lot of coordination between the authorities. Subsequently, BIP facilities are not normally scalable – i.e. it proves difficult for the port to grow BIP capacity in line with increases or falls in BIP traffic. If port operators plan too generous a facility, scarce port land and resources are unnecessarily tied up. In contrast, too small a facility (that is where BIP traffic exceeds its designed capacity) will quickly lead to inspection backlogs and subsequent delay for importers

- At most UK ports port operators choose not to operate their BIP during late hours, Sundays and Saturday afternoons. Unlucky importers, who fail to get their CVED stamped before the weekend, may suffer further delay until the BIP reopens on Monday. If really unlucky, some interviewees stated that the backlog from the weekend may only be cleared by Tuesday or Wednesday. Depending on the shipping line, additional demurrage fees are likely to apply.

Diversion to Rotterdam

- Most interviewed traders explained that they feel that the Port of Rotterdam provides meat importers with a much better level of service in comparison to the BIPs at the UK's container ports. Predictability of clearance times was cited as the main benefit for using Rotterdam. Quick clearance was another reported benefit. Indeed, once landed in the Netherlands, importers stated that they can clear the cargo in the Netherlands and transport on to the UK within two days. This compares favourably to UK ports, where BIP clearance may take 2-3 days in instances where the ship arrives on a Friday and the BIP closes over the weekend. However, interviewees also noted that the BIP fees at Rotterdam were thought to be higher.

Special case: New Zealand

- In the UK the majority of lamb from New Zealand does not need to be physically presented to the PHA at the BIP and can be released from the port as soon as it has been customs cleared – usually in less than 3 hours. This raises the question of whether similar agreements could be reached with other counties; or for that matter with individual importers that have a strong track-record in ensuring that their source of supply is compliant with EU requirements.

7.3 CUSTOMS (HMRC)

- A particular emotive subject for some of the interviewed agents was the performance of the National Clearance Hub. One interviewee reported of regular occurrences where officers at the NCH misplaced documents and then, upon enquiry by the agent about why goods have not yet been cleared, requested the agent to re-send/fax the documents

- Another concern raised by most interviewed importers and agents is the NCH's 15:00 cut-off point for receiving CVEDs for same-day customs release. This places pressure on the agents/importers to ensure that they receive the stamped paper CVED from the BIP in time, or risk failing to clear the goods on the same day

- One importer explained that HMRC's method to assess the weight of a container load of meat is to weigh 3-4 cartons individually and then multiply the average of that sample over the total number of cartons for the declared consignment. However, this importer explained that each box of frozen beef has a different net weight. By choosing atypical sample boxes, HMRC have on occasion managed to overestimate the weight. Thus, the importer was forced to instruct HMRC to weigh all the boxes in order to derive at the correct weight. Apart from the resulting delay of completely turning out the container, the importer also needed to pay for the additionally dock-labour[41]
- While customs procedures are generally described as straight forward, the need to ensure that supporting paper documents are expediently processed – especially the CVED – requires some hands-on monitoring and occasional intervention. All interviewed meat importers chose to appoint specialist agents with a track record of ensuring expedient port clearance.

7.4 ORGANICS

- Only one of the interviewed organisations imports organic meat. No issues were reported.

7.5 PORT PROCEDURES

- No issues were highlighted.

[41] Since the unloading and weighing was made under the instructions of the importer – not Customs.

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