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Building borders for  
business, trading for growth

Patrick King

# Building borders for business, trading for growth

*Reform was delighted to host a policy roundtable on how Britain's borders can be a key enabler of growth, in partnership with Fujitsu. The discussion was introduced by Lord Offord of Garvel, Minister for Exports and Christian Benson, UK Head of Growth at Fujitsu.*

Our borders are rightly understood to be integral to national security, allowing us to prevent illicit goods and high-risk individuals from entering the country, detect threats early, and keep citizens safe. Safe and secure borders are foundational to building trust in the system. But as the Government recognised in its '2025 Border Strategy', our borders also hold enormous potential to facilitate imports and exports, and hence to boost growth.

This potential is matched by an impressive level of ambition, seen in the Government's draft Target Operating Model, to deliver the most "advanced border ... we can conceive of" by 2025. One which brings together technology, data and policy to enable a "near frictionless" movement of goods. The Northern Ireland Protocol created a burning platform for this transformation – making clear the steps needed for Britain to develop a genuinely world-leading, digitally-enabled border.

For example, the Trader Support Service (TSS), set up to help traders navigate changes to the way goods move between Britain and Northern Ireland, showed that a proactive approach can enable businesses to take full advantage of new border technologies.

Across government, there are other key initiatives making inroads. The Electronic Trade Documents Act – which recently received Royal Assent and, through digitisation, helps cut processing times for trade contracts from 10 days to as little as 20 seconds – is part of the reason that the British border is now a model for other countries.

There is now an opportunity to go even further. To accelerate towards £1 trillion in exports, and meet the Government's ambitious timeline for reform, there is a consensus that security, speed and simplicity must continue to be at the heart of our approach.

## Ecosystem of trust

Smart use of data and technology can be a game-changer for government's ability to assure goods and carry out compliance checks. By helping certify the 'trustworthiness' of traders, technology can enable many processes that would have previously taken place at the border to be automated and carried out in advance. Traders who submit the necessary data and are deemed 'low-risk' by government can be subject to fewer, more straightforward checks – reducing delays, red tape and other barriers to trade.

Attendees noted that pilots of this 'ecosystem of trust' model have produced compelling evidence that technology can streamline the flow of goods, help smaller businesses export for the first time, and provide assurances across government of the border's integrity. The challenge now is to scale these digital capabilities across the entire border, so that this more efficient model of working can become the default.

To achieve this at pace, government cannot act alone. Drawing on the expertise of those who work with these systems on the ground, and crowding in additional investment in the physical infrastructure which underpins a responsive,



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cutting-edge border estate, will be all important.

In part, this means recognising that no single technology or new system is 100 per cent foolproof, and that having contingency technologies, and staff who are trained to intervene when issues arise, can significantly increase the border's resilience.

### Supporting SMEs

To ensure the border contributes as much as possible to economic growth, attendees suggested that SMEs, and even micro-businesses, should be encouraged and given support to participate in these new initiatives. Of 2.5 million VAT registered companies, only 10 per cent currently export. Given the huge benefits of exporting – including higher margins, profit, and generally better pay for employees – an ambitious agenda could see twice as many companies selling overseas.

This ambition could be supported by an expansion of trader outreach schemes, like the TSS, which help smaller businesses in particular begin trading for the first time, meet essential requirements and regulations, and understand changes to the border system.

Local companies could become champions for the benefits of exporting, incentivising neighbouring SMEs to set their sights beyond the domestic market. This could pay a double dividend – increasing the overall volume of trade whilst aiding regional economic development. Easy to access, low-cost border processes will be key to realising that potential.

### Data-sharing

A bottleneck to achieving these ambitions is ensuring effective data-sharing between departments and with relevant stakeholders in industry. For example, the Single Trade Window aims to simplify customers' interactions with the border by allowing them to submit all data

needed for assurance once, with the onus on government to share this data with the appropriate border authorities and other agencies. However, reaching cross-department data-sharing agreements has too often led to significant delays in implementation.

Overcoming this may require central government to play a more active, coordinating role between departments to ensure that bureaucratic hold-ups around data do not disrupt ambitious timetables, which are key to transforming the border by 2025. It may also call for a different attitude to risk, so that concerns departments have about the way data is shared and accessed by other public bodies are more strategically balanced against the cost of an unreformed system which makes it harder for businesses to trade.

### A proactive approach

There are also many examples of where effective cross-government working can make our approach to trade more proactive.

Data held by various departments on business practices and compliance could provide evidence, for example, to inform when and which exporters may warrant inspection. Red flags identified early on (such as tax irregularities or non-compliance with marketing standards) could also be red flags when it comes to compliance with trading regulations, and potentially trigger an in-person inspection. At the same time, developing a more predictive understanding of the kinds of companies that pose the greatest risk can mean that smaller, low-risk companies do not have to be inspected as frequently, reducing the costs of doing business while still providing necessary assurances.

Promoting greater recognition of the benefits of border digitisation, and its potential to support more frictionless trade has also been included in many of the Free Trade Agreements the UK has signed with other countries. This can establish

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trust from day one in the digital initiatives we use, and create a 'race to the top' in the technologies deployed by our trading partners.

Cross-government working can additionally help boost the brand of UK plc globally, identify future trading opportunities, and ensure that British companies are best placed to seize on them when they arise.

One example was given of where government had engaged with the United States to understand where it had a specific import need for formula milk. The Department for Business and Trade then negotiated with US regulators to secure market access, before identifying British companies with the export capacity to meet these shortages. International meetings were arranged by government to introduce British exporters to buyers in the US, and following this support, a company in the Lake District became one of the biggest exporters of formula milk to the US.

Extending a similarly proactive approach to other exporters – which deploys the full range of tools government has at its disposal to drive exports – could help boost economic performance.

## The relationship between imports and exports

Finally, maximising our potential as an exporter means understanding the key role imports play in the strength of specific sectors, and so viewing the objectives of boosting imports and exports as two sides of the same coin.

Many of our most successful brands rely on access to key supply chains and imported goods, which are then transformed into globally recognised products. The future growth of these brands depends as much on the ease and reliability of imports as it does on exports. Following the pandemic, we have a much better understanding of where certain supply chains may be vulnerable, and what it would take to strengthen them. A strategic approach to trade should combine efforts to drive export growth with those to enable more frictionless imports.





@reformthinktank



info@reform.uk



www.reform.uk

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