

Case story:
Direct imports of Ethiopian roses to Sweden



The National Board of Trade is a Swedish government agency responsible for issues relating to foreign trade, the EU Internal Market and to trade policy. Our mission is to promote open and free trade with transparent rules. The basis for this task, given to us by the Government, is that a smoothly functioning international trade and a further liberalised trade policy are in the interest of Sweden. To this end we strive for an efficient Internal Market, a liberalised common trade policy in the EU and an open and strong multilateral trading system, especially within the World Trade Organization (WTO).

As the expert agency in trade and trade policy, the Board provides the Government with analyses and background material, related to ongoing international trade negotiations as well as more structural or long-term analyses of trade related issues. As part of our mission, we also publish material intended to increase awareness of the role of international trade in a

well functioning economy and for economic development. Publications issued by the National Board of Trade only reflects the views of the Board.

The National Board of Trade also provides service to companies, for instance through our SOLVIT Centre which assists companies as well as people encountering trade barriers on the Internal Market. The Board also hosts The Swedish Trade Procedures Council, SWEPRO.

In addition, as an expert agency in trade policy issues, the National Board of Trade provides assistance to developing countries, through trade-related development cooperation. The Board also hosts Open Trade Gate Sweden, a one-stop information centre assisting exporters from developing countries with information on rules and requirements in Sweden and the EU.

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1 Introduction

Trade in plant products means certain risks of introduction and spread of plant pests such as bacteria, viruses or insects that can have devastating effects on the agricultural productivity, food security and trade possibilities of affected countries. Protective measures taken to minimise phytosanitary risks are therefore important. Phytosanitary inspections at the border are one part of the management measures that help minimising phytosanitary risks.

Phytosanitary inspections take place both in the exporting country and in the importing country. These controls are not conducted in isolation, but within a chain of border activities, including customs declaration, handling of fees etc. The complexity of the chain poses challenges to both business operators and authorities. In general, it has been found that efficient, transparent and coordinated procedures at the border benefit business operators, trade and, ultimately, society.

This case story describes how Swedish authorities worked with a specific, if yet relatively unusual, case in which a small company experienced difficulties in direct imports of cut flowers from Ethiopia to Sweden. It describes the dialogue between authorities and between authorities and actors from the private sector, and how a mapping exercise was used to facilitate the process for the company. The mapping exercise was done in order to identify opportunities for improvement, but also to create a visual oversight over the procedure.

Many of the perceived difficulties and opportunities for improvement point to *the importance of the ways in which key pieces of information are conveyed to trading companies, in a complex multi-stakeholder procedure.*

Mapping trade chains is not a service that the National Board of Trade usually provides to individual companies. This case story and mapping exercise was conducted as a measure to clarify trade procedures involving several authorities, for SME: s trading in perishable goods in general.

2 What takes place at the border?

In March 2015, the National Board of Trade, was contacted by Chamber Trade Sweden (Chamber Trade) regarding imports of flowers from East Africa. Chamber Trade is an organisation of regional chambers of trade

working to enhance trade between Swedish companies and companies in developing countries ¹.

Chamber Trade had been assisting a company in its efforts to start direct imports of cut flowers (roses) to Sweden, by air from Ethiopia. Usually, the bulk of cut flowers from countries outside the EU enter the EU internal market at the Netherlands. Cut flowers are then usually transported from there by truck. In this case it was attempted to use direct flights with spare cargo space, to bring flowers directly into Stockholm Arlanda Airport. The company was small, with a parent company in the Netherlands.

The importing company found it difficult to understand what actions that were required by them at which point in time, to be able to import roses to Sweden. Different pieces of information, provided by different authorities, were spread out, as they saw it. The company found it difficult to get an overview of actions they needed to take to get started. The company also found it difficult to understand the procedure at the airport, including the phytosanitary inspection, and who was in charge of which step at the border.

Fact box 1: Phytosanitary inspections at the border consist of three elements

Phytosanitary inspections at the border of the importing country consists of three elements, in the same way as border controls for foods and products of animal origin:

- Checking that documents are in order
- Verifying identity and integrity of consignment
- Visual examination to look for pests

In documentary checks, inspectors verify that documents associated with the consignment are complete, consistent and authentic. The main document that needs to accompany most plant products is a phytosanitary certificate, as settled by the IPPC².

Documentary check is usually performed for all consignments. Inspectors then verify identity and integrity, i.e. ensure that the consignment is accurately described by its documents, and that species and quantities are correct. This includes checking seals and other safety conditions of the packaging. It is also usually performed for all consignments.

Visual examination serves two purposes; verification of compliance with phytosanitary import requirements, and detection of known and yet unknown pests. Compliance with phytosanitary import requirements that inspectors check for can be i.e. the products' degree of processing, freedom of leaves or soil, required growth stage or absence of unauthorized plants.

¹www.chambertradesweden.se

²The International Plant Protection Convention (IPPC) is the international organization that develops and adopts standards and guidelines for plant health and safe trade in plant products globally.

The frequency of visual examination can vary for different pests, commodities or countries of origin, based on pest risk analysis (see Fact box 6 Wordlist). Under certain conditions, countries can agree on reduced inspection frequency of identity, integrity and visual examination.

3 Mapping in dialogue with private sector and border agencies

The National Board of Trade initiated a mapping exercise, initially in cooperation with the company and Chamber Trade. A large map of the procedure was drawn and a draft text produced, describing the import procedure for plant products. The description was done from a business perspective, as it was understood by the company, by Chamber Trade and National Board of Trade (see Fact box 4).

The text was then circulated by the Board of Trade to the involved border agencies, i.e. the Swedish Board of Agriculture and Customs, for them to complement, correct or fill in missing information. In Sweden, the Board of Agriculture is the NPPO³ in charge of phytosanitary inspections, i.e. the authority responsible for plant health.

Through this mapping exercise, the procedure became clearer to the involved stakeholders. It also became apparent that a central role in the procedure was played by air cargo handling companies performing logistic services at the airport – for example unloading goods from the aircrafts and transporting them to the freight terminal, the cold store or the point of inspection.

A meeting was then held with all involved authorities, hosted and arranged by the Ministry of Enterprise, on the initiative of the National Board of Trade. The Ministry of Enterprise, the Ministry of Finance and the Ministry of Foreign Affairs were also present in the meeting.

³National Plant Protection Office (NPPO) is a central government authority that should be assigned with the responsibility for plant health in the country, according to the IPPC.

4 Results from the mapping exercise

4.1 Registration for electronic services is a de facto-requirement

One factor making the import procedure cumbersome to the company was that the importer had not understood the importance of using the electronic customs declaration and electronic payment services of the Customs⁴. Without this, the importer was forced to manual handling, meaning transporting original documents from the point where phytosanitary inspection took place, to Customs and from there to the cold store, having to pass the security control check point at the freight area several times.

In fact, the Board of Agriculture does not require Customs to verify original documents from the phytosanitary inspection. An electronic message can be sent to Customs once the inspection is done, and at the same time the importer is notified. Customs then clear the goods without seeing any physical documents, and send an electronic release bill to the cold store. However, this requires that the company is registered in several electronic systems prior to the goods' arrival.

It was concluded by the involved authorities that it was necessary to make it even more clear to trading companies that registering for the electronic services prior to starting any imports is a de facto-requirement, for trade to be practically possible.

4.2 Existing flexibility was not apparent

In the meeting, other remaining questions were answered, and the participating authorities agreed on the need to improve information, bearing in mind especially small and medium sized companies (SME:s). For example, it was concluded that the identification number of the phytosanitary certificate from the exporting country, requested in the electronic prior notification (request for phytosanitary inspection), could be added later on, as long as it was added before the arrival of the goods.

According to the Board of Agriculture, the prior notification had to be submitted by 13.00 p.m. on the day before arrival of the goods, to allow for proper planning. However, at that time the phytosanitary inspection in the exporting country might not have taken place yet. Also, in some

⁴ The Customs electronic payment system includes credit, and allows billing of payments. The system also handles payments for phytosanitary inspections that are forwarded to the Board of Agriculture.

instances, time difference between point of departure and destination needs to be taken into consideration.

Now, it was sorted out that the prior notification could indeed be submitted without the number, as long as the number was added prior to the goods' arrival at the airport⁵. This had not been clear to the importer, as the electronic formula only states: "Mandatory Identification Number of Phytosanitary Certificate". According to the company, clarity on this detail added flexibility to the logistics.

4.3 The time aspect and the role of air cargo handling companies

As regards the time aspect, the Board of Agriculture's phytosanitary inspection is usually quick, and rarely takes more than 30 minutes, if nothing extraordinary is found. Customs clearance in the electronic system is instantaneous. In both cases, priority is given to perishable goods. However, private air cargo handling companies also play a role at the airport, which was not clear to the importing company.

At the Stockholm Arlanda Airport, several air cargo handling companies operate in parallel. These firms have agreements with different airlines, and the airlines, rather than the importers, are seen as their customers,. Consequently, the air cargo handling companies display relatively little information on their websites directed towards importers and traders.

It was not evident how to find out which logistic firm co-operated with which airline, if you as an importer would like to be in touch with the company handling your goods. Moreover, the air cargo handling companies confirmed that it could take up to six hours from the arrival of the air plane to the point when the flowers had been brought to the phytosanitary inspection.

It was unclear whether the air cargo handling companies, in the same way as the authorities at the border, could offer priority treatment for perishable goods. It was also unclear whether they were willing or able to communicate to the importer when the goods had been delivered to the point of inspection, in order to facilitate time planning for the importer. Lastly, importers might want to know the approximate timetables for the tours run by the air cargo handling companies at the airport, as they do not drive out independently to any newly arrived plane.

⁵ The Board of Agriculture explained that they would have to check whether the digital formula could really be submitted, when one field was unfilled.

In this case, the importing company was encouraged to find out which air cargo handling company that co-operated with the chosen airline, and make direct contact with them to have the above questions answered.

4.4 Possibility to influence extra opening hours is valuable

Of considerable importance to importers are the opening hours of the phytosanitary inspection at the border. At the end of this case, two questions remained for consideration of possible improvement to the Board of Agriculture, concerning the opening hours of the phytosanitary inspection:

First, the Board informs *established* importers of the opening hours (including extra opening hours) by e-mail. During the discussions it was suggested that this information should preferably be more easily accessible to all companies (even new and not yet “established companies”) on the Board’s website.

Second, the extra opening hours for phytosanitary inspection provided prior to peak seasons stood out as something that importers would like to be able to influence. Peak seasons for the cut flowers’ sector include New Year in December, Valentine’s Day in February and graduation week in June, and consequently the extra opening hours prior to these days were very important to the cut flowers’ sector. As these dates vary slightly from one calendar year to another, it seemed like a good thing if the Board could consult the sector on this planning in a more formal way.

In this case, the importing company was encouraged to coordinate with other businesses and the Swedish cut flowers business association, to prepare a joint suggestion to the Board of Agriculture, on exactly which dates of the calendar year that were prioritized from a business perspective.

5 Developing a visual oversight of the cross-border procedure

As a result of working with this case, the National Board of Trade developed two pictures visualizing the import procedure, involving phytosanitary inspection, for air born goods. The purpose was to summarize and clarify the roles of main actors in the chain of actions, and the steps required by the importer (such as applying for electronic customs declaration) at certain points in time. Such a picture could also

be helpful to future work of the involved authorities, in analysing and discussing sensitive points where business operations risk being unnecessarily complicated.

While working on the visualization, a business perspective was applied: What would I need to know as first things, if I were a beginner that wanted to start importing cut flowers? Two different pictures were drafted: one directed towards trading companies, with a selection of necessary information for starting imports (see Figure 1), and one directed towards involved authorities, to be used in discussions on trade facilitating measures (see Figure 2)⁶.

The two draft pictures were sent for comments to the border agencies, the importing company and Chamber Trade and comments were taken into account. Both pictures were appreciated, and may in the future be used in an import guide or on the website of the involved authorities.

⁶ In the pictures as well as in the fact boxes the prefix "e-" means electronic, so that "e-customs declaration" means "electronic customs declaration" etc.

Direct imports of cut flowers, fruit and vegetables by air to Sweden – this is the process

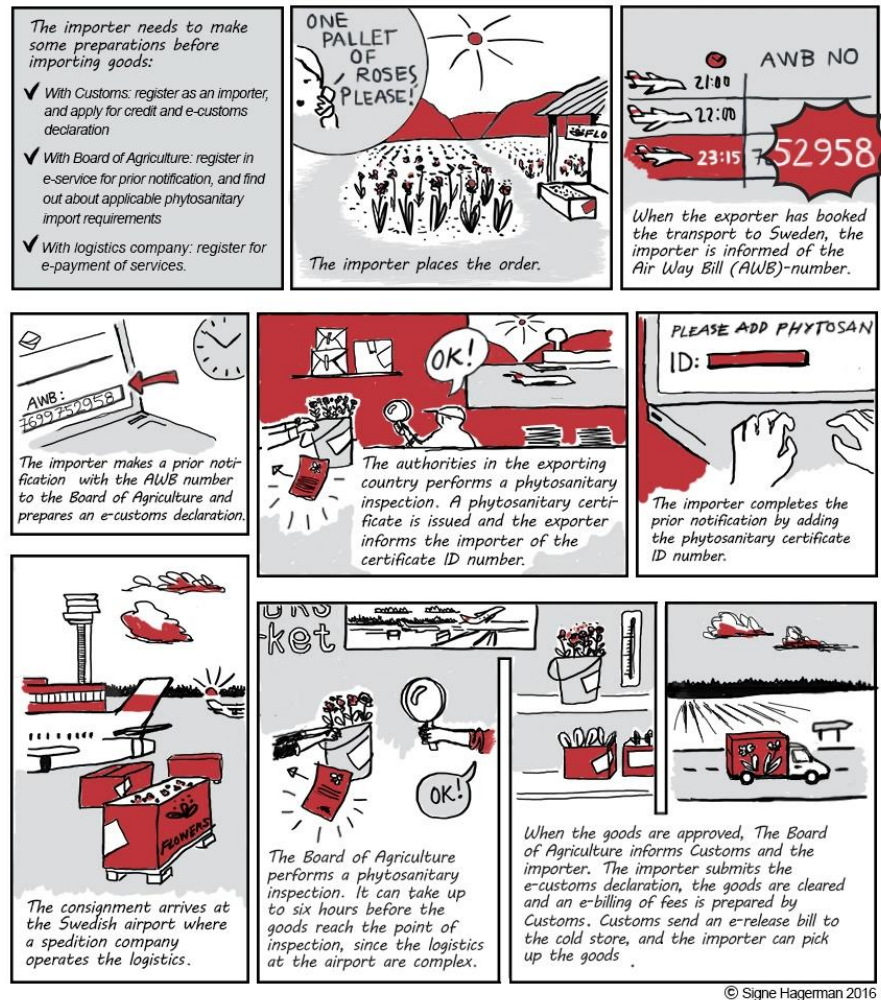


Figure 1: A chronologic visualization on the import procedure for plant products involving phytosanitary inspection, the example of cut flowers imported by air.

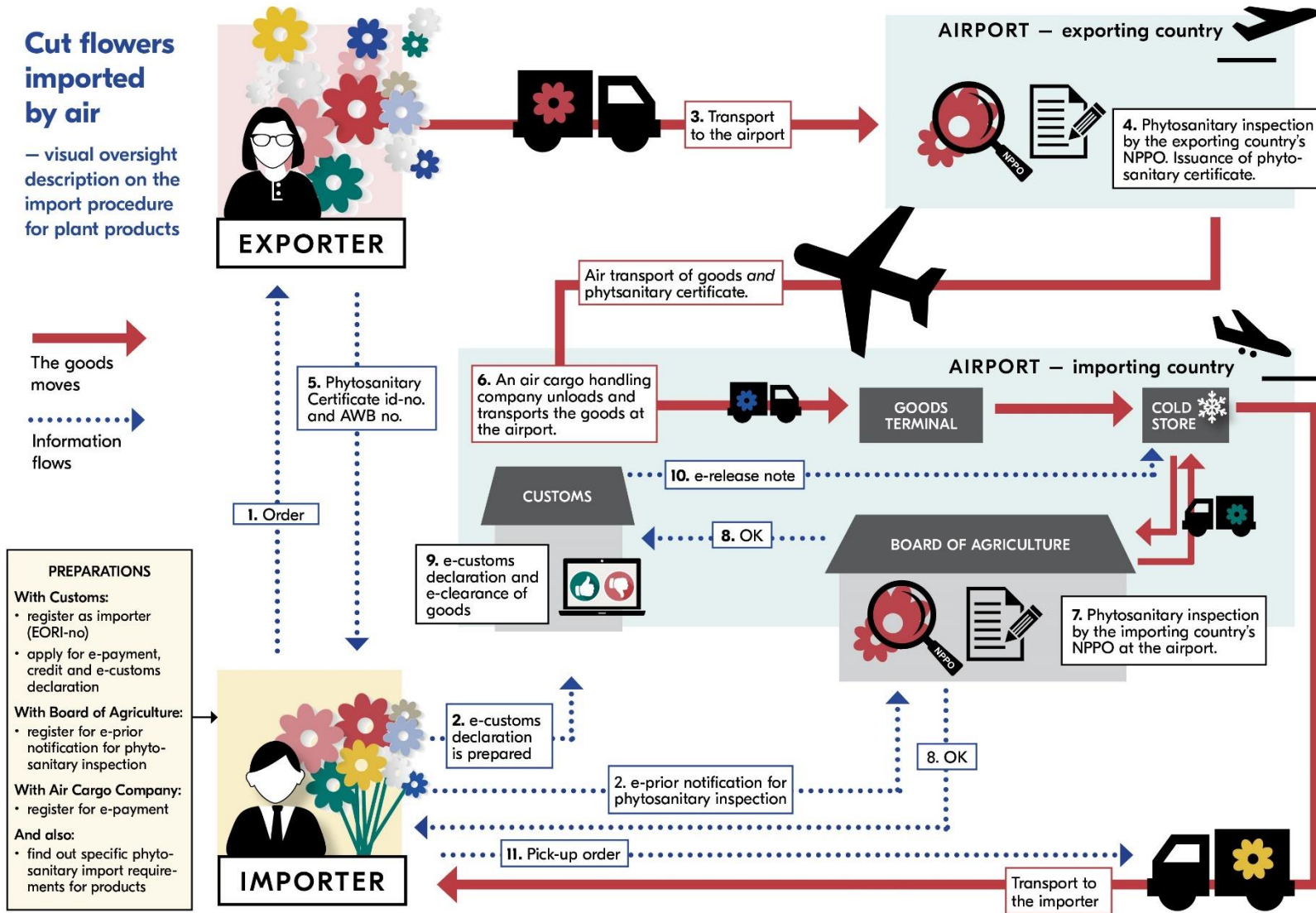


Figure 2: A map-like visualization on the import procedure for plant products involving phytosanitary inspection, the example of cut flowers imported by air. The picture should be read in conjunction with Fact box 4.

Fact box 3: Checklist - before starting direct imports of flowers, fruits or vegetables the importer needs to complete the following steps

- Register with Customs as an importer (EORI-no). If the parent company is registered in another EU state, the application for EORI-number must be done there.
- Register for e-payment and apply for credit at Customs – to be able to pay all bills electronically after delivery.
- Register for e-customs declaration with Customs – to be able to submit declaration electronically.
- Register in e-service of Board of Agriculture (importing country's NPPO) – to be able to make prior notification (request for phytosanitary inspection) electronically.
- Identify which air cargo handling company that cooperates with the air line that products are transported with, and register for e-payment with them.
- Find out about any specific phytosanitary import requirements for the products.

Fact box 4: Description of the procedure – direct imports by air of flowers, fruit and vegetables – step by step

1. The importer makes an order to the exporter.
2. The importer prepares for e-customs declaration and submits a prior notification (request for phytosanitary inspection) to the importing country's NPPO. The AWB (Air Way Bill) no. should preferably be included in the prior notification.
3. Transport of goods to the airport in the exporting country. Exporter informs importer on the flight no.
4. The NPPO of the exporting country inspects the plant products and issues a phytosanitary certificate for export. The certificate accompanies the goods.
5. The exporter informs the importer on id no. of the phytosanitary certificate (and the AWB no.). The importer can complete the prior notification to the NPPO by e-mail with these numbers, prior to the goods' arrival.
6. Goods are transported via air. An air cargo handling company unloads the air plane and transports containers to a goods terminal at the airport. Perishable goods (i.e. cut flowers) are transported from there to a cold store at the airport.
7. Phytosanitary control by the importing country's NPPO at the airport. The air cargo handling company transports the plant products to and from the point of inspection.
8. A message is sent from the NPPO to Customs and to the importer when the goods have been inspected and approved.
9. The importer submits the e-customs declaration to Customs when the goods have been approved by phytosanitary inspection. Customs clear the goods and prepare for billing.
10. Customs send an e-release note to the cold store. An e-bill on fees for customs and phytosanitary inspection are sent by Customs to the importer.
11. The importer sends an order to pick up the goods at the cold store in the airport.

6 Summary – opportunities for improvement

On the one hand, the difficulties that the company in this case story experienced had to do with the fact that they were a small company, beginners in direct imports of cut flowers via air, and they lacked experience. But at the same time, from a trade facilitation perspective, it was meaningful for the authorities to analyse what the company perceived as difficult. If authorities manage to convey key information in a clear and coordinated way, this can have a trade facilitating effect, especially for SME:s.

In today's complex trade environment, it is of vital importance for many governments to support SME: s, so that they can to grow and integrate with the global market, as well as to remove unnecessary barriers to trade.

This case story highlights the importance of key information, and how this information is presented to trading companies. Both formal and informal (de facto) import requirements need to be clear and easily accessible, especially to SME: s, as smaller companies have fewer resources to find and analyse relevant information, making international trade more challenging to them. SME: s can be greatly served by receiving clear information regarding complex border procedures and visualization in the manner attempted by the National Board of Trade can be useful.

In summary, this case story confirmed that companies, especially SME:s, could be helped by more clear and easily accessible information on the following aspects:

- Which registrations for electronic services that constitute a de facto-requirement to complete, before starting imports
- The possibility to complete the prior notification (request for phytosanitary inspection) with the id-number of the phytosanitary certificate, prior to the goods' arrival
- How to find out which logistic firm that handles goods from which airline at the airport, and the possibility to influence the time it takes to bring goods to the point of phytosanitary inspection, including the possibility for priority treatment (at an additional cost)
- The opening hours of phytosanitary inspection at the border, as well as frequency of inspections for various types of plants
- The possibility to apply for and have phytosanitary inspection on times and days outside official opening hours

- The possibility to influence extra opening hours of the phytosanitary inspection, prior to peak seasons during the calendar year
- The oversight of the procedure. Visualizing the procedure in a picture can be helpful. Such a picture can have different designs, logics, uses and target groups.

It is also our conviction that these factors could have trade facilitating effects in general.

Fact box 5: How did authorities and private sector work together on this case?

- Importing company turned to Chamber Trade, who consulted both Board of Agriculture and Customs, having specific responsibilities at the border. Chamber Trade consulted also Board of Trade, an authority with a more coordinating role.
- Board of Trade met with company and Chamber Trade. Questions were asked to identify in detail what was problematic, what was causing extra cost or loss of time, what could be the cause, how would you have liked it to be etc. Estimated value of current or potential imports affected was also asked for.
- The procedure as the company experienced it was drawn on a whiteboard and documented in a draft text. Some missing information pieces were searched for and filled in, by Board of Trade.
- The draft text of how the company experienced the procedure was sent to Board of Agriculture and Customs, who could comment, give explanations and corrections on what had been misunderstood.
- The corrected description of the procedure was explained to the company and Chamber Trade. The situation was re-evaluated and remaining questions that were unanswered were identified.
- Meeting between all involved authorities was arranged, hosted by Ministry of Enterprise. Specific remaining questions and areas of improvement were discussed.
- The visual oversight was discussed with communications department within the Board of Trade and draft pictures were produced by analysts and communication specialists together.
- Board of Trade visited phytosanitary border inspection at airport and importing company's facilities in the field.
- The draft pictures were sent to Customs and Board of Agriculture for comments and corrections.
- The corrected versions of the pictures were sent to the company and Chamber Trade to check if they thought pictures could be useful. Chamber Trade asked to use them in their import guide.
- Case story was written down with pictures included. Final product to be disseminated to all involved stakeholders and published on external web of Board of Trade.

Fact box 6: Wordlist

Air cargo handling company: a private company that performs logistic services such as transporting and forwarding goods from one point to another at the airport.

AWB-number: Air Way Bill-number, identification number on the transport documents that accompany commercial goods on air born transports.

Cold store: a storage facility with a lower temperature where perishable goods can be kept.

Consignment: a quantity of plants, plant products or other articles being moved from one country to another and covered, when required, by a single phytosanitary certificate.

Customs clearance: action where-by goods are released by Customs at the border, whether after fees have been paid or with fees being billed afterwards.

Customs declaration: declaration describing the content of an imported consignment should be submitted to Customs of importing country.

De facto requirements: requirements that are not found in written regulations, but actually applied in practice.

EORI-number: Economic Operator Registration and Identification-registration number for importing companies with customs related activities in the EU. EORI is the EU:s common system and database.

Freight terminal/area: terminal/area within the airport where commercial goods under transport are handled.

Frequency of inspections: how often consignments are inspected by visual examination, often expressed in inspected consignments as percentage of all consignments.

IPPC: International Plant Protection Convention, an international organization developing standards and guidelines for the protection of plant health and safe trade. IPPC is formally a convention deposited in the FAO, the United Nations Food and Agriculture Organization, since 1951.

ISPM: International Standard for Phytosanitary Measures, developed and adopted by the IPPC.

NPPO: National Plant Protection Office, the official service established by a government to discharge the functions specified by the IPPC, i.e. an authority with responsibility for plant health.

Perishable goods: fresh goods which can spoil quickly i.e. fresh fruits, vegetables and cut flowers.

Priority treatment for perishable goods: measures by which perishable goods are given priority in handling so as not to lose value.

Pest (plant pest): any species, strain or biotype of plant, animal or pathogenic agent injurious to plants or plant products. This can be i.e. bacteria, viruses, fungi, nematodes or insects.

Pest risk analysis: process of evaluating biological or other scientific and economic evidence to determine whether an organism is a pest, whether it should be regulated, and the strength of any phytosanitary measures to be taken against it, described in ISPM 5 of IPPC.

Phytosanitary certificate: an official paper document or its official electronic equivalent, consistent with the model certificates of the IPPC, attesting that a consignment meets phytosanitary import requirements. This document should accompany consignments in international trade with products where required.

Phytosanitary import requirements: Specific phytosanitary measures established by an importing country concerning consignments moving into that country, and that has to do with protecting plant health.

Prior notification (of import): request for phytosanitary inspection by importing country's NPPO at the border, submitted prior to the goods' arrival.

Release bill: a document or electronic message from Customs telling the operator of a storage facility at the border that the goods can be released to the importer.

Trade facilitation: measures removing obstacles to the movement of goods across borders (e.g. simplification of customs procedures).

Visual examination: physical examination of plants, plant products, or other regulated articles using the unaided eye, lens, stereoscope or microscope to detect pests or contaminants without testing or processing.

7 References

www.chambertradesweden.se

www.ippc.int

www.jordbruksverket.se

www.tullverket.se

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