Expanding the Horizons of MSMEs in International Trade: Role of eService Platforms

Standardization in promoting cross-border e-services for MSMEs

Lance THOMPSON
UNECE-TFS; Secretary, UN/CEFACT
lance.thompson@un.org
UNECE – **UN/CEFACT**
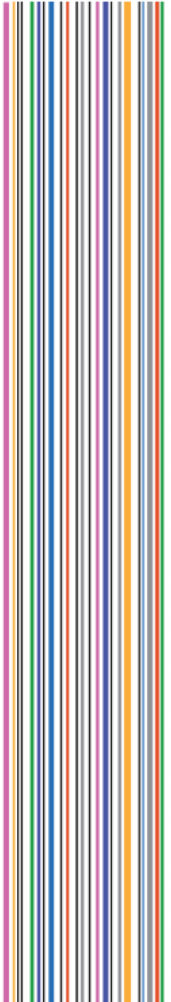1 April, 2019

E-Commerce: definition

- online-initiation; cross-border transaction/ shipment; and destined to consumers (commercial and non-commercial)

- Diverging definitions on what is e-commerce:
  - UNCTAD & WTO definition potentially includes all electronic transactions as e-commerce
  - UN/CEFACT & WCO definition limits the scope to transactions which are initiated on line

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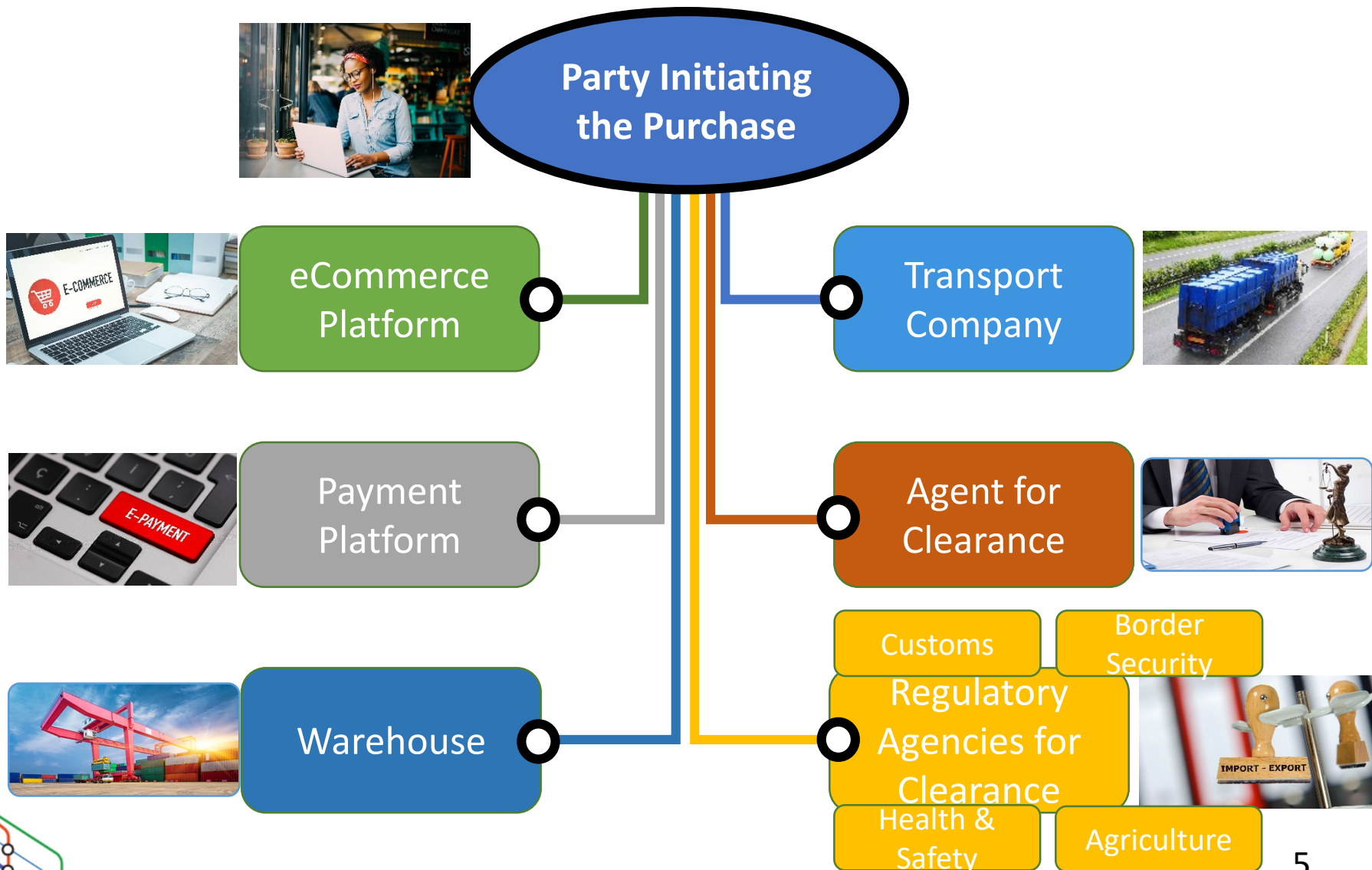# Process of e-Commerce

Example of choreography of exchanges

Party orders from an online platform

Party requests a payment on line

Financial institute confirms payment

Platform requests shipment from warehouse

Warehouse provides delivery instructions

Agent performs clearance processes

Product is delivered to party who ordered it

Actors involved in eCommerce

Party Initiating the Purchase

eCommerce Platform

Payment Platform

Warehouse

Transport Company

Agent for Clearance

Customs

Border Security

Regulatory Agencies for Clearance

Health & Safety

Agriculture

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Party initiating the purchase

Party Initiating the Purchase

- Individual consumer
- Big Corporation
- MSME

Need for international standards

E-Commerce and E-Business

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E-Commerce

DTI

| User | Platform | Payment |

E-Business

EDI

| Warehouse | Shipping agent | Clearance |

Shipment sent to customer
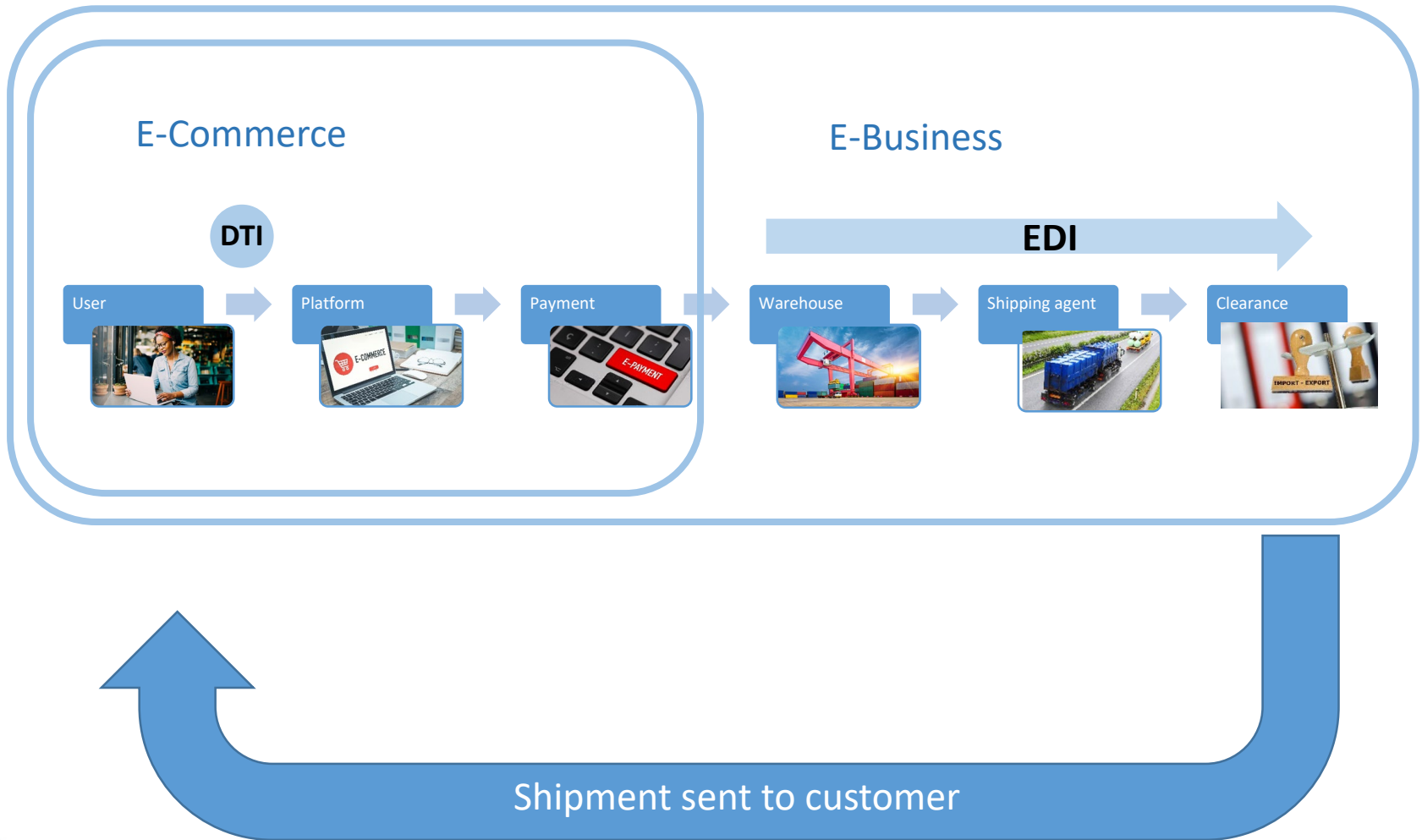
E-Commerce and E-Business

- Traditional e-Business transactions will usually be a full container load OR will be regrouped with other shipments and presented as a full container load to regulatory authorities.

- E-Commerce has resulted in an explosion of small parcels being shipped separately.
  - Increase in volume
  - Often a decrease in value

What IT standards?

The initial e-Commerce transaction

- The DTI initiation of the transaction is an on-line website.
  - There could be benefits to suggesting harmonization of portals…
  - Ultimately this is a B2B and marketing decision

- The Payment is often on-line
  - Security standards and protocols are necessary

What IT standards?

The resulting e-Business transactions

- Instructions provided to warehouses
  - B2B transaction, using traditional e-Business standards

- Instructions provided to transport companies
  - B2B transaction, using traditional e-Business standards

- Transfer of information from platforms to agents for regulatory purposes
  - B2B transaction, using traditional e-Business standards

What IT standards?

The resulting e-Business transactions

- Regulatory declarations from agent to government agency (agencies)
  - Must comply with national regulations (different from country to country)
  - May involve a number of different agencies
    - Customs
    - Border Security
    - Health and Safety
    - Agriculture
    - Standards & Norms
    - …

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Objectives

- Simple, transparent and effective processes for global business
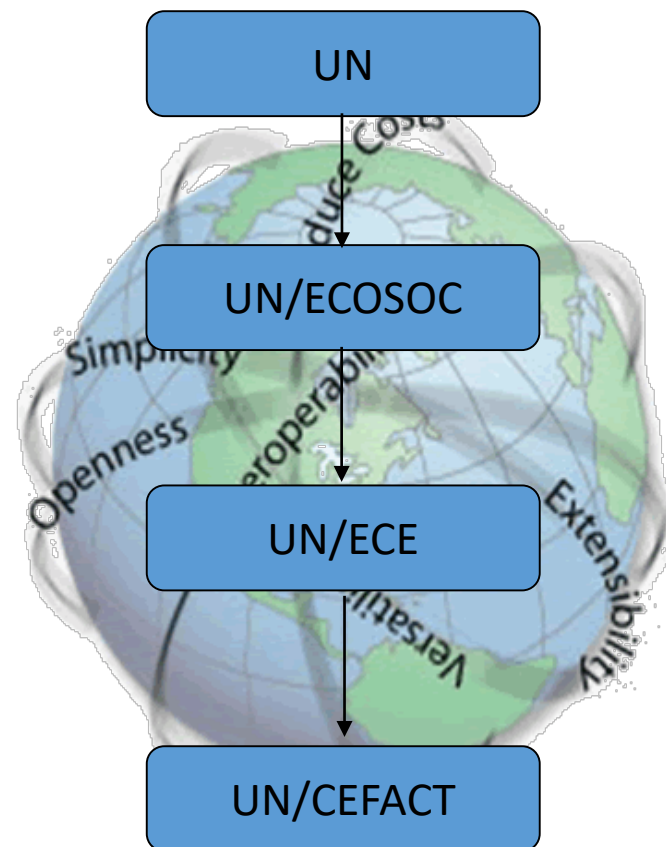- Efficient and automated exchange of information

Outputs

- Global Trade Facilitation and Electronic Business Recommendations and Standards

Means

- Public Private Sector Partnership – over 400 experts from government and business
- Meet virtually every week plus two Forums per year

UN → UN/ECOSOC → UN/ECE → UN/CEFACT

Global Remit

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International Supply Chain Model

BUY → SHIP → PAY

INVOLVES

Commercial Procedures	Transport Procedures	Regulatory Procedures	Financial Procedures
• Establish Contract • Order Goods • Advise On Delivery • Request Payment • Packing • Inspection • Certification • Accreditation • Warehousing	• Establish Transport Contract • Collect, Transport and Deliver Goods • Provide Waybills, Goods Receipts Status reports etc.	• Obtain Import/Export Licences etc • Provide Customs Declarations • Provide Cargo Declaration • Apply Trade Security Procedures • Clear Goods for Export/Import	• Provide Credit Rating • Provide Insurance • Provide Finance • Execute Payment • Issue Statements

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UN/CEFACT Semantic Hub principle

Benefits of UN/CEFACT Semantic Models

- Standardized data exchange syntax-neutral structures, based on common Master data exchange structure

- The support of information sharing, such as enabled by data pipelines, with the timely capture of quality data from original data sources ensuring supply chain visibility

- Reduction of administrative burden by efficient reuse of data shared within the BUY SHIP PAY domain model

- Common basis for implementing in chosen data exchange syntax(es)

UN/CEFACT Semantic Hub principle

Some UN/CEFACT tools:

- UN/CEFACT Core Component Library
- UN/CEFACT Business Requirement Specifications
- UN Code Lists (UN Recommendations and UN/EDIFACT)
- UN/EDIFACT (syntax)
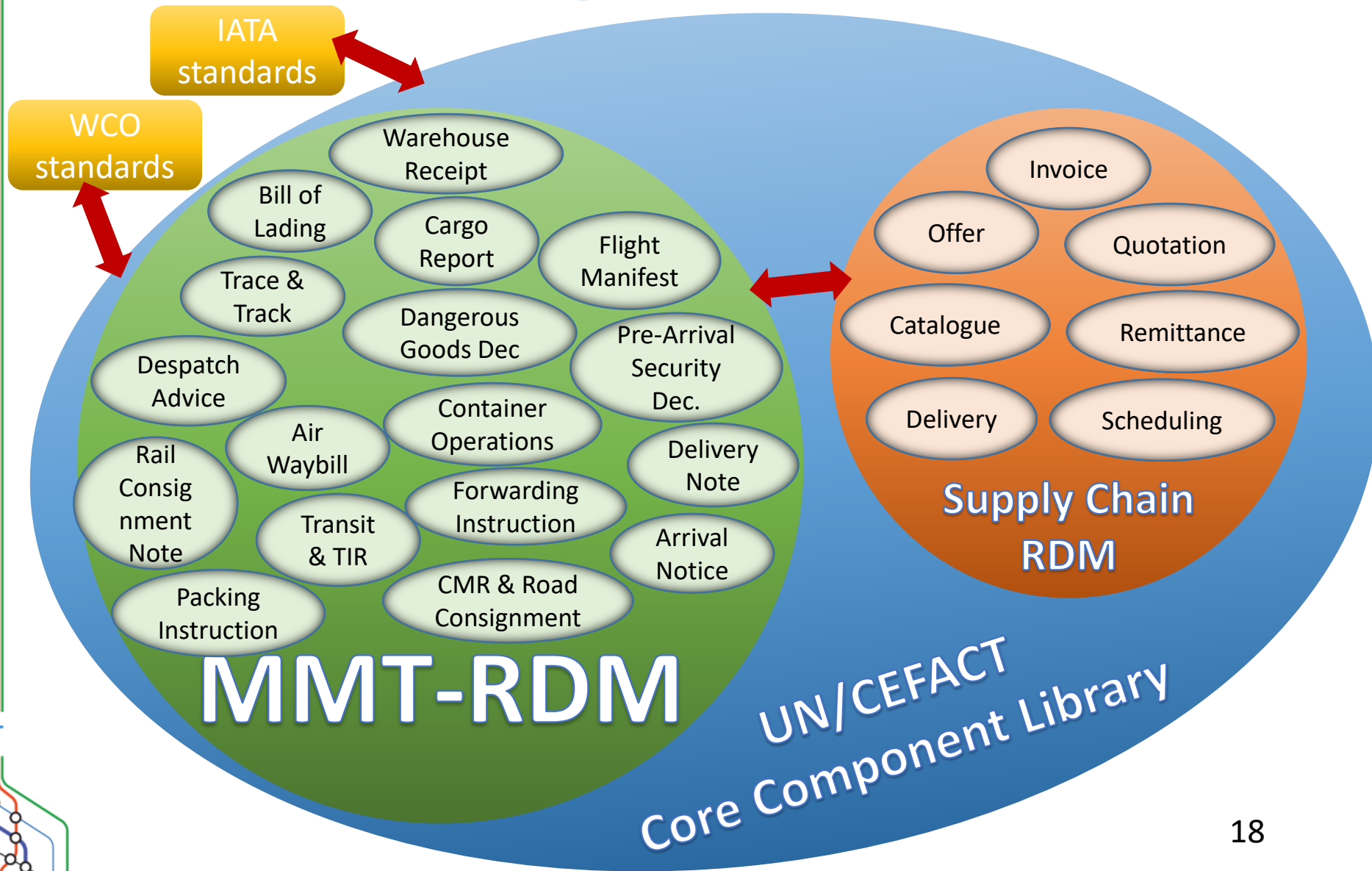- UN/CEFACT XML (syntax)
- UN Recommendations

UN/CEFACT evolution
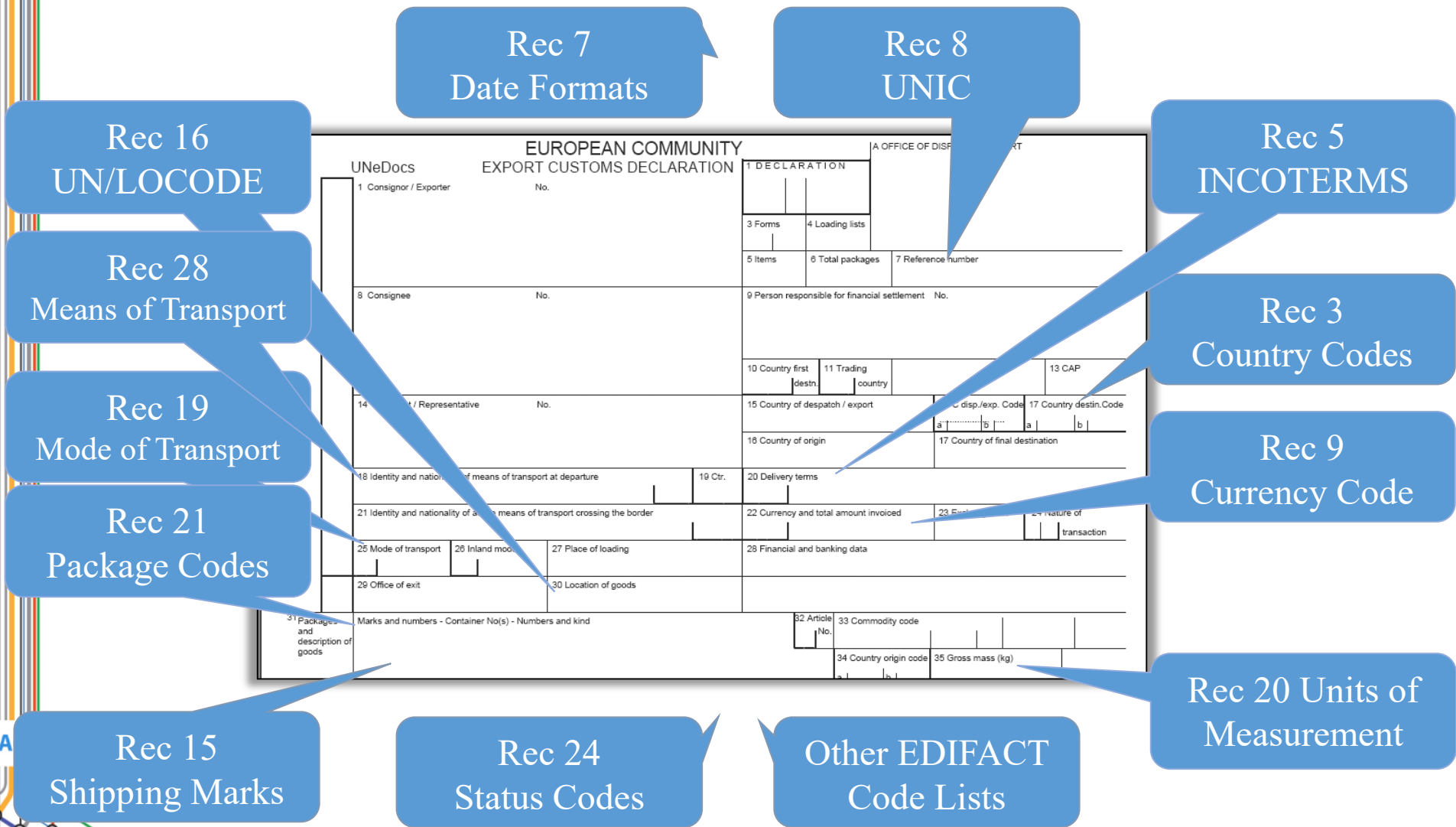
- From Document centric to Process driven artefacts *(Contextualized Business Artefacts)*

- Supports Document centric & Process driven workflows

- Standardized syntax-neutral data exchange structures, based on common Master data exchange structure

  (from which complete documents and/or snippets of documents can be created in any chosen syntax e.g. XML, JSON or UN/EDIFACT etc.)

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Multi-Modal Transport Reference Data Model

IATA standards

WCO standards

MMT-RDM

- Warehouse Receipt
- Bill of Lading
- Cargo Report
- Flight Manifest
- Trace & Track
- Dangerous Goods Dec
- Pre-Arrival Security Dec.
- Despatch Advice
- Container Operations
- Delivery Note
- Air Waybill
- Rail Consignment Note
- Forwarding Instruction
- Transit & TIR
- Arrival Notice
- Packing Instruction
- CMR & Road Consignment

Supply Chain RDM

- Invoice
- Offer
- Quotation
- Catalogue
- Remittance
- Delivery
- Scheduling

UN/CEFACT Core Component Library

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Example of code lists developed and/or maintained by UN/CEFACT

Rec 7
Date Formats

Rec 8
UNIC

Rec 16
UN/LOCODE

Rec 5
INCOTERMS

Rec 28
Means of Transport

Rec 3
Country Codes

Rec 19
Mode of Transport

Rec 9
Currency Code

Rec 21
Package Codes

Rec 20 Units of Measurement

Rec 15
Shipping Marks

Rec 24
Status Codes

Other EDIFACT
Code Lists

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Importance of standards for MSMEs

- Use of standards accross borders facilitates trade

- Availability of standards openly and free-of-charge allows MSMEs to benefit

- Possibility for MSMEs to participate in the development of standards free-of-charge allows them to ensure their needs are represented in the standards

Thank you

Lance THOMPSON
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