UNITED NATIONS CENTRE FOR TRADE FACILITATION AND ELECTRONIC BUSINESS
(UN/CEFACT)

UK DELEGATION VIEW ON REQUIRED DIRECTION OF TRADE FACILITATION AND
E.BUSINESS ACTIVITIES AT UN/CEFACT

* The present document is presented in the form in which it was received by the secretariat. It is submitted to the Plenary under agenda item 4.

1)   Trade Facilitation is vitally important and requires ongoing support at a global level. It should be viewed in the broadest terms as the means of ensuring that all key value chains linking all sizes of country and all sizes and natures of business operate with speed and certainty and at the lowest practicable cost. This is achieved by defining and agreeing more simple and more standard ways of doing business, both at frontiers and also within and between organisations. Given the fiscal and regulatory frameworks of various countries and trading blocs, physical, data and financial flows relating to products and services need to be able to function to the mutual benefits of all parties.

2)   The greatest speed, certainty and the lowest practicable overall cost can only be achieved if more simple and standard and more universally applicable processes are cost-effectively enabled by e-business. However, e-business standards only become cost-effective if they are developed to support closely the facilitation of trade i.e. not in technological isolation. Therefore, the development of e-business standards has to be allied with and follow trade facilitation. Therefore we recommend:

  A   The United Nations is the most appropriate body to oversee the development of enduring, global standards for trade facilitation.

  B   e-business standards should be developed by the same body, and should derive from the trade facilitation and related value chain management standards. E-business standards should not be separately developed by technologically orientated bodies, although co-operation and co-ordination are highly desirable.

  C   The structure for standards development must have trade facilitation and value chain management at its apex, technology independent e-business standards following on, and technological standards thereafter.

3)   The sequence of development should be -

  a) Agreed and, wherever possible, quantified objectives for facilitating trade and managing value chains.

  b) Well-defined business and administrative processes and process models related to the key trade facilitation and value chain management requirements, developed using an agreed methodology - UMM.

  c) Definition of the requisite organisational, administrative, and regulatory structures, in conjunction with the relevant authorities; e.g. those required by Customs or for financial security; associated Key Performance Indicators; related Procedures to be observed.

  d) Identification of the Data required to support the management and control of the value chains and processes. The principal standards required are -

  i) Definition of the core components and data elements

  ii) Definition of identities (standard numbers/codes for value chain participants, trading locations, products; e.g. EAN).   Identities can also be expressed in automated forms, such as scannable symbols and radio frequency tags.

  iii) Definitions of Master Data on participants, locations and products which are linked to transactions via the identities. Master Data describe the key characteristics, prices/costs, and technical specifications. They are used to make transactions more accurate and simple, via the pre-alignment of master files between value chain participants, and to allow authorities to improve the speed and rigour of verifying the identities of both traders and products being traded, e.g. Single Window, and for trade and transport security.

  iv) Messages for communicating data and transactions.

v) Recording actual events and transactions against plans and targets in Data Bases to measure results and performance.

All the above should be technologically independent or neutral i.e. they should not have to be re-defined as technology inevitably evolves. (See the Simpl.e.b. principles already accepted by UN CEFACT).

e) The expression of the above in the main technologies of the day within a structured, global framework. E.g. EDIFACT, eb XML. Note that the UN may not need to do this work itself; but it must ensure that it is done to an agreed standard, and that it supports the agreed standard processes, data, identities, etc.

Unless a) to d) are done well, e) will not be successful. Too often e) is undertaken by people with insufficient understanding of a) to d). Surpise is then expressed at the lack of effective and widespread implementation that is achieved under e), and at the disappointing results.

Therefore we recommend:

D   Priorities, resources and skills are re-assessed to ensure that the above sequence is followed -
         Processes: Data, Identities, Master Data,
         Messages: Technological expression of standards.

4)   The UK recognises that the above will only be successful if the UN is ready, willing and able to support these activities. There are a number of critical factors in relation to UN/ECE and to UN/CEFACT which need to be resolved.

a) Resources - these are inadequate to support all the work. This is exacerbated by the imbalance between the resources devoted to technological standards and the limited resources supporting trade facilitation. ICT companies are little interested in supporting trade facilitation standards, but they are one of the major potential sources of resources and funds. Some countries are only interested in technological standards and do not promote trade facilitation.

Secretariat resources are inadequate in terms of both numbers and skills to achieve all the work to be done. Hence the proposal to have an external Service Support Provider.

b) Organisation - the Secretariat also needs to be better organised and managed as the priorities described above are implemented. Furthermore, relations between the Secretariat and the Working Groups must be improved. (e.g. the UNeDOCS project is being pursued by the Secretariat without the co-operation which the UK brokered in 2002.)

c) UN Legal Office Matters - these are currently serious impediments to progress -
         i)   they prevent the raising of additional resources
         ii)   they threaten legitimate intellectual property rights
         ii)   they drain away valuable management time, thereby impeding real progress.
         iii)   all in all, they make the UN appear ineffectual, and not an appropriate place for standards-
                   making.

d) Relations need clarifying with other bodies, such as WCO, WTO, ISO, ITU, etc.

e) Effective communication and promotion of real trade and business orientated progress, rather than short term technological matters.

Therefore, we recommend:

E   The UN Office of Legal Affairs must allow a constructive settlement very quickly of the issue of extra budgetary resources.

F   Rapid progress is thereafter made in providing appropriate resources. More priority must be given to trade facilitation and technology-neutral standards.

G   The ECE Secretariat needs to improve its effectiveness and put in place better practical liaison with the re-prioritised CEFACT Working Groups.

H   Issues with other bodies need to be defined and prioritised for resolution.

I   Improved focus on real trade and business achievements and thereafter effective promotion for these.

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