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**ECONOMIC COMMISSION FOR EUROPE**

**COMMITTEE ON TRADE**

Centre for Trade Facilitation and Electronic Business

Fourteenth session  
Geneva, 16 – 17 September 2008  
Item 7 of the provisional agenda

**MATTERS ARISING**

**INTRODUCTION TO UN/CEFACT**

Note by the secretariat\*

*Summary*

This document was presented to the UNECE Executive Committee on 6 May, when the Committee discussed the work of UN/CEFACT.

The document is for information only.

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\*This document was submitted late due to resource constraints.

## **I. OBJECTIVES**

1. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) is an intergovernmental body with a global remit. It has as its objective to develop and promote simple, transparent and effective processes for global commerce (including related government-to-business and government-to-government processes).
2. To achieve this objective, UN/CEFACT “supports activities dedicated to improving the ability of business, trade and administrative organizations, from developed, developing and transitional economies, to exchange products and relevant services effectively.” The “principal focus is on facilitating national and international transactions, through the simplification and harmonization of processes, procedures and information flows.”<sup>1</sup>

## **II. BACKGROUND**

3. From the time that goods are ordered until when they are paid for, the buyer and seller are confronted with processes, procedures and associated information exchanges that increase costs. Whether they are created by official authorities, such as Customs and sanitary authorities, or by private-sector actors, such as insurance companies and banks, these additional costs can negatively affect an entire economy’s competitiveness and attractiveness to traders and investors.
4. For example, goods move across borders only as fast as the "paper" information that precedes them. The numerous official procedures and requirements that exporters and importers have to face add time and cost to trade transactions, and often deter business, especially small and medium-sized business, from entering international markets. For landlocked countries and countries distant from major markets, complex and inefficient procedures can be a particular constraint, creating many additional costs and dramatically reducing the competitiveness of their goods on international markets.
5. Trade facilitation, as defined by UN/CEFACT, attempts to address such constraints throughout the “buy-ship-pay” cycle and make trade as easy and efficient as possible for both business and government. It reduces costs, enhances competitiveness and contributes to the growth of global commerce.
6. Work on trade facilitation in the UNECE started in 1957 with the development of standards for trade documents, all of which are still being used. The universal acceptance of UNECE paper-document standards created a basis for standardizing electronic data interchange, leading to the approval, in 1987, of the UN/EDIFACT standard for Electronic Data Interchange and to the ongoing work to develop a common language for data exchange that spans different data exchange standards and technologies.
7. Today UN/CEFACT sees the key to achieving real benefits from trade facilitation as being a strategy that works:

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<sup>1</sup> Extract from the mission of UN/CEFACT, as found in document TRADE/R.650/Rev.4, paragraph 1.

- (a) First towards creating more efficient and better designed procedures;
- (b) Then towards facilitating these data flows with information technology.

### **III. LAYOUT KEY FOR TRADE DOCUMENTS**

8. The wide range of trade facilitation recommendations, e-Business standards and technical specifications created and maintained by UN/CEFACT includes: the United Nations Layout Key for trade documents (see figure 1 below); UN/EDIFACT (United Nations electronic data interchange for administration, commerce and transport); UNeDoc (United Nations electronic trade documents); the Core Components Library (CCL); and the "Single Window" for export and import clearance. All of these different initiatives are linked to the international supply chain model referred to as BUY-SHIP-PAY (see page 6), which is the principal focus of the UN/CEFACT programme of work. Projects are also undertaken in other areas such as e-government, healthcare and accounting, where it is important to implement standards that are either the same as or harmonized with those used in the international supply chain.

9. UN/CEFACT also helps countries, particularly those with developing or transition economies, to implement its standards and recommendations. Examples of this support include the development and promotion of: Recommendations for Single Windows for exports and imports; United Nations electronic Trade Documents (UNeDoc) and a Trade Facilitation Implementation Guide. The last project is supported by extra budgetary funds from Sweden and will result in a series of workshops beginning in 2009.

10. For further information on UN/CEFACT and its work, please refer to its website<sup>2</sup>. UN/CEFACT trade facilitation and electronic business recommendations, standards and tools are available for download free of charge at UN/CEFACT website<sup>3</sup>.

Figure 1. UN/CEFACT Layout Key for Trade Documents

LAYOUT KEY FOR TRADE DOCUMENTS				
Consignor (Exporter)		Date/Reference No. etc.		
Consignee		Buyer (if other than consignee) or other address		
Notify or delivery address		Country where consigned		
		Country of origin		
Transport details		Terms of delivery and payment		
Shipping marks; Container No.	Number & kind of packages; Goods description	Commodity No.	Gross weight	Cube
			Net quantity	Value
Place and date of issue; Authentication				

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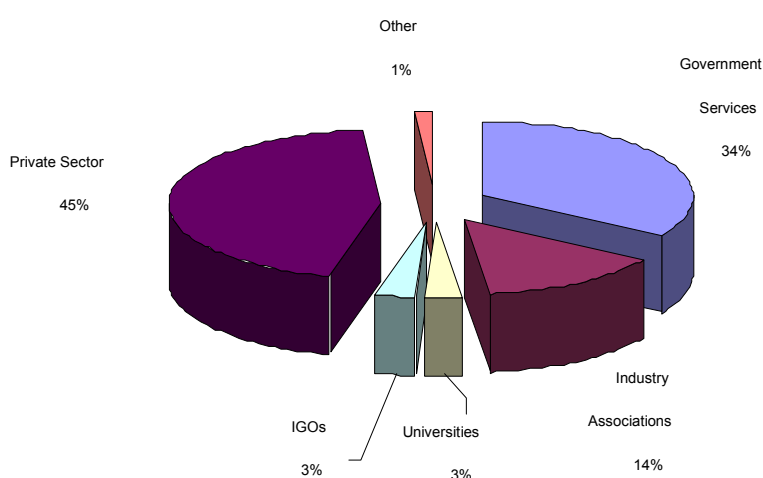
<sup>2</sup> <http://www.unece.org/cefact>.

<sup>3</sup> [http://www.unece.org/cefact/recommendations/rec\\_index.htm](http://www.unece.org/cefact/recommendations/rec_index.htm).

#### IV. WHO PARTICIPATES IN THE EXPERT FORUMS?

11. The chart below illustrates the composition of experts attending the forums: Government (37 per cent, including intergovernmental organizations); industry associations representing large collective groups of private-sector companies (14 per cent); academics (3 per cent) and representatives from private companies (45 per cent). Governments play a leading role in the implementation of UN/CEFACT work.

Figure 2. Participants by type of organization

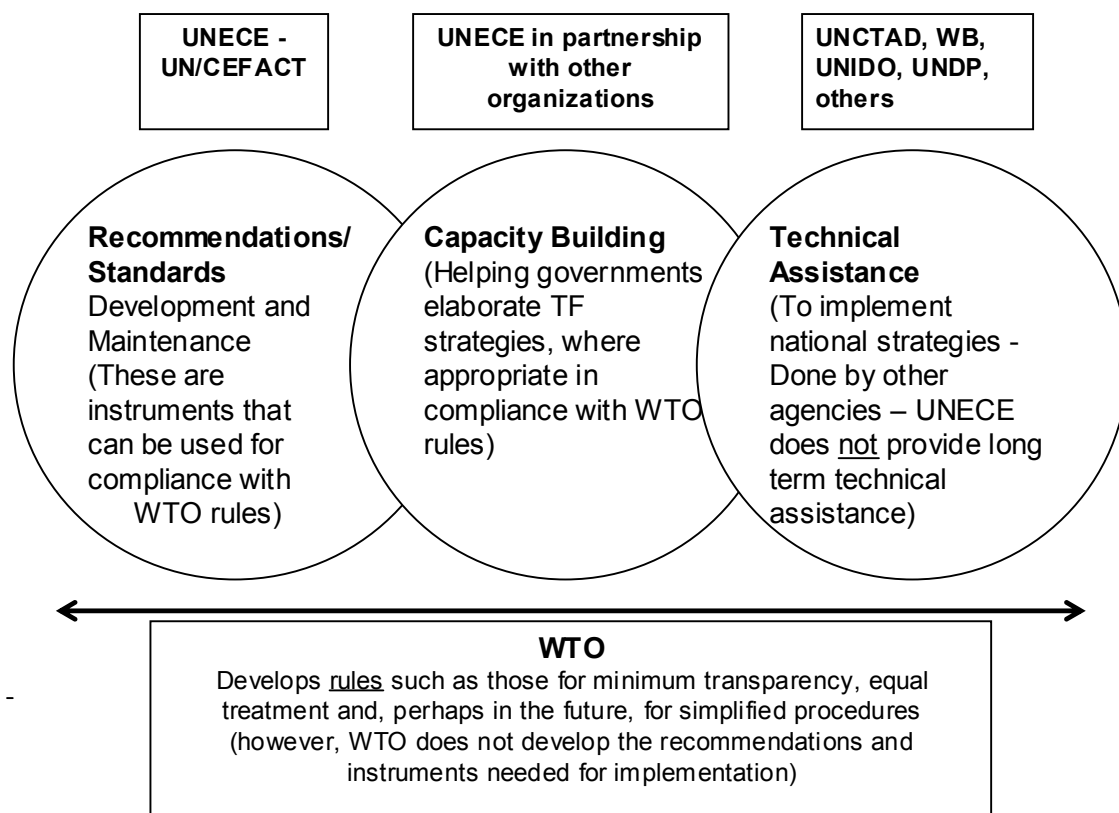


#### V. RELATIONSHIP BETWEEN THE WORK OF WTO AND THAT OF UN/CEFACT

12. UN/CEFACT plays a key role in developing recommendations and instruments (including standards) to assist countries in implementing World Trade Organization (WTO) commitments. It also helps them to build capacity and devise strategies for implementing its work. UNECE and UN/CEFACT do not, however, engage in the type of technical assistance activities that are typically undertaken by, for example, the World Bank, the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and the World Customs Organization (see diagram below).

13. Trade facilitation work within UN/CEFACT has a broader mandate than that of WTO. While the WTO deals with issues related to border crossing, UN/CEFACT looks at how to increase efficiency across the entire value chain from the information exchanges that support the decision to buy through payment for the goods. This is especially important for countries with economies in transition and developing countries, where firms face a number of bottlenecks in crucial phases of the Buy-Ship-Pay cycle, thus requiring actions that go beyond improving customs procedures in order to increase competitiveness.

Figure 3. Relationship between the work of UN/CEFACT and that of other organizations and entities



14. Where UN/CEFACT does address cross-border issues, such as its recommendations for aligned documents and Single Windows for exports and imports, its work is already being tabled by countries in the trade facilitation negotiations. Nonetheless, there may be scope for enhanced cooperation between UN/CEFACT and WTO and this should be explored

## VI. FUTURE DEVELOPMENTS

15. Below are some brief descriptions of areas where important new work is expected to be completed or started by UN/CEFACT during the near future.

### A. Trade Facilitation Implementation Guide and associated training

16. The Trade Facilitation Implementation Guide will be a step-by-step guide for developing and transition economy countries on how to implement trade facilitation. The first draft of the guide will be completed by the end of 2008 and will be tested in a series of four regional workshops.

**B. Standards for use in Single Windows (Recommendation 34)**

17. This new Recommendation on data simplification and harmonization is being developed in response to requests from Governments to have more information on how to implement UNECE Recommendation 33 on Single Windows for export and import clearance and, in particular, on what standards to implement in a Single Window. Another related Recommendation (35) on legal issues associated with Single Windows is also being developed.

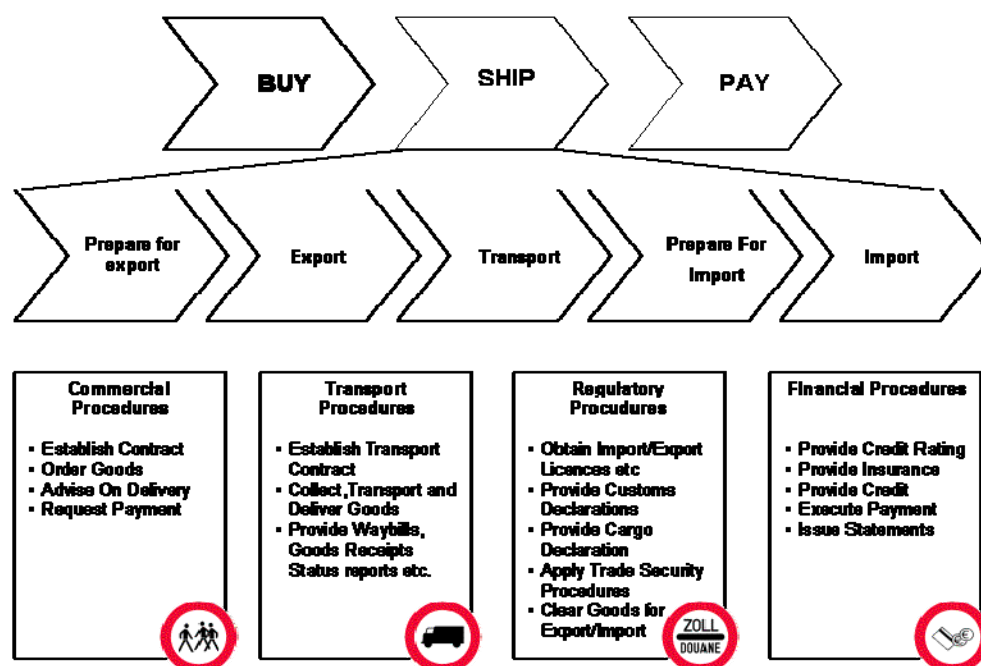
**C. A complete Buy-Ship-Pay model and updated versions of the Core Components Library (CCL)**

18. Important advances in web technology have now reached the stage where it is possible for computers to take advantage of a broad-based “common language” that can be shared across different data exchange standards and methods, opening up major new horizons for improved efficiency. UN/CEFACT is uniquely positioned to provide the focal point for developing this common language based on its long experience in working with government and a wide range of industry groups, its global remit and its extensive libraries of data definitions and codes (developed as a result of work on UN/EDIFACT).

19. This common language concept is being developed through the Buy-Ship-Pay model and the CCL. In brief, the Buy-Ship-Pay model (which consists of many linked models of individual processes) identifies the data to be exchanged. Work is done to ensure that the data definitions are harmonized across the different processes, and entries are then developed for the CCL. The data definitions found in the CCL can then be used as the basis of aligned paper documents, Extensible Markup Language (XML) schemas or UN/EDIFACT messages, and in the future, other formats as well.

20. Currently, the Buy-Ship-Pay Model and the CCL are at a critical stage of development where intensive work is taking place to get the Library’s content up to a critical mass, including the Core Components to support UNeDocs (United Nations electronic trade documents). This requires a set of core components that is large enough to allow organizations to use CCL data across the entire buy-ship-pay process – with a minimal need to request additions or modifications.

Figure 4. Overview of the Buy-Ship-Pay Model, with additional detail for the “Ship” section



#### D. Work begins on the Cross Border Data Model with the World Customs Organization

21. During 2006, initial discussions took place with the World Customs Organization (WCO) about working together on a common Cross Border Data Model. The purpose of this model is to harmonize the data being used across the entire buy-ship-pay process with the data being used in the Customs environment. The Cross Border Data Model is, in effect, a critical part of the “ship” part of the overall Buy-Ship-Pay process. As such, it needs special attention from UN/CEFACT and special input from WCO. The use of harmonized data between all the participants in the buy-ship-pay process, including Customs, would help all parties to reduce costs. UN/CEFACT and its stakeholders expect significant progress to take place on this Model during the second half of 2008 and the first part of 2009.

#### E. Launching of the electronic Business Government and Trade Initiative

22. This extrabudgetary initiative, which was approved by the UNECE Executive Committee at its May 2007 session, has as its objective to put in place, as quickly as possible, the infrastructure and critical mass of standards required in order for the “broad-based common language” (described under “c” above) to be widely implemented. Its envisaged outputs include:

- (a) Assistance to the experts working on the CCL and the Buy-Ship-Pay Model, so that the most important parts of the model can be completed more quickly and related core components added to the CCL – thus creating a critical mass of component entries for supporting Buy-Ship-Pay data exchanges;



(b) UN/CEFACT online standards – a phased implementation of an online showcase and then a repository that will allow on-line access to UN/CEFACT work including its Core Components Library and data-reference models. This will allow organizations to better understand the processes and information requirements of their partners;

(c) Capacity-building materials and technical support services (such as modelling expertise and guidelines for users, trainers and developers of software tools). These will support implementers and the over 300 government- and business-sector experts working on the UN/CEFACT outputs;

(d) Marketing and promotion support;

(e) A gap analysis to identify areas where additional work and resources are needed to facilitate the completion of priority deliverables.

## **VII. HOW DOES UN/CEFACT WORK?**

23. UN/CEFACT is a subsidiary, intergovernmental body of the UNECE Committee on Trade, to which it reports and which provides guidance regarding its programme of work. The policy directions and programme of work of UN/CEFACT are developed by its intergovernmental Plenary, which meets once a year in Geneva, Switzerland.

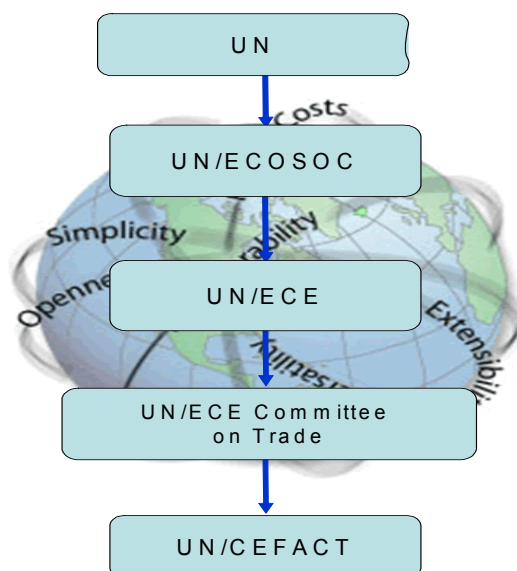
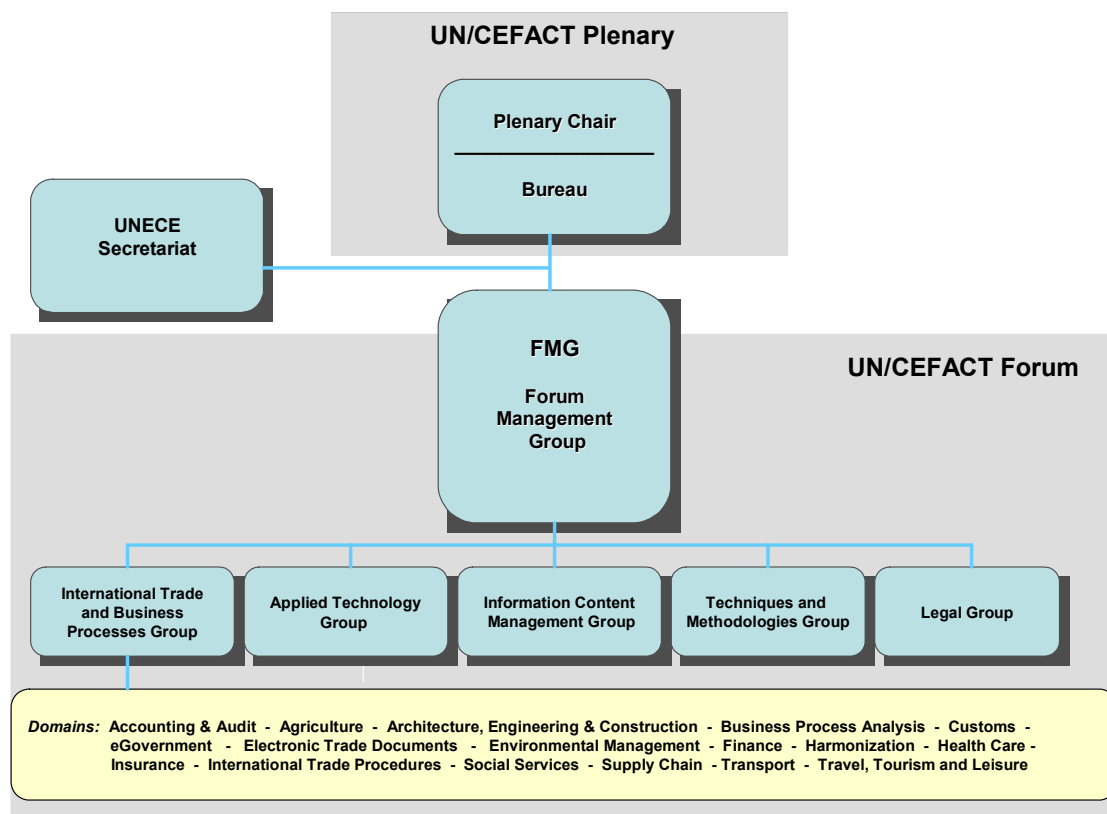
24. The Plenary elects a Bureau, which is responsible for implementing the decisions of the Plenary. The Forum Management Group, in cooperation with the Bureau, is responsible for coordinating the technical work of the experts between plenaries, including organizing the work at the Forum meetings. The Forum Management Group comprises a Chair and Vice Chair, and the chairs of the five “Permanent Groups” of experts established by the Plenary. These officers are elected by their constituencies (i.e. the Forum and the “Permanent Groups”) and their elections are then confirmed by the Plenary.

25. The expert, technical work to develop UN/CEFACT standards and recommendations is done by over 300 volunteer experts from around the world who work in virtual teams throughout the year. These experts are nominated by UN/CEFACT heads of delegation.

26. The experts come from both the public and the private sectors, forming a public-private partnership in support of trade facilitation and electronic business. They meet as a “Forum” twice a year in order to coordinate their work. In 2006 and 2007, forums were held in Canada, India, Ireland and Sweden. In 2008, the spring Forum took place in Mexico and autumn forum will be in Senegal.

27. Diagrams of how UN/CEFACT within the United Nations and of how UN/CEFACT is organized can be found below (a detailed explanation of the organization can be found in document TRADE/R.650/Rev.4).

Figure 5. UN/CEFACT in the United Nations structure



## **VIII. PROGRAMME OF WORK, PROJECT MANAGEMENT AND PRIORITIZATION PROCESSES**

28. The UN/CEFACT programme of work is developed by the UN/CEFACT Bureau in close consultation with the Chairs of its different Groups. It is then presented to the UN/CEFACT Plenary for discussion and approval and then to the Committee on Trade for final review and approval.

29. Consultations on priorities also take place with the various stakeholders and users on a regular basis. For example, in 2006 and 2007 special sessions on stakeholder perspectives and needs were held during the Plenary. In 2008, as input to the programme of work, presentations from both public- and private-sector users were made during the Plenary and a special dialogue was organized between UN/CEFACT delegates and representatives from the diplomatic missions.

30. In developing the programme of work, the Bureau also takes into account the UN/CEFACT integrated strategy, plus the Strategic Framework for the Trade sub-programme and any guidance received from the Committee on Trade.

31. Individual projects for norms, recommendations and standards go through the following process:

(a) Projects are first developed by expert groups or subgroups. As all of these groups work without support from the UNECE secretariat, they must ensure that adequate human and financial resources exist within their groups for the proposed project.

(b) Proposed projects are then reviewed by the Forum Management Group to ensure that:

- (i) Any required coordination with other groups takes place;
- (ii) There is no duplication with work inside or outside of UN/CEFACT;
- (iii) The position of the project within the integrated strategy for UN/CEFACT's work has been identified;
- (iv) The project is related to the programme of work;
- (v) The principal "demanding" organizations/administrations have been identified.

(c) Standards-oriented projects are not approved unless both the technical and the business experts agree to them and follow an open-development process.

32. The Bureau and the Forum Management Group follow the implementation of the work using a project management matrix. If they find bottlenecks (existing or potential) in the implementation of key projects, they work with the experts and member States to prioritize work and, where applicable, to identify necessary resources.

## **Annex**

### **SOME IMPORTANT USERS, AND USES, OF UN/CEFACT NORMS, STANDARDS AND RECOMMENDATIONS**

1. Over 90 percent of all electronic data interchange (EDI) messages exchanged globally
  2. United States government authorities: for defence contract compliance reporting and for material safety data sheets (the latter being used in transport of dangerous goods)
  3. Government of Canada: for its air cargo security initiative
  4. French administration: for eArchiving, the transfer of digital records and public procurement (all under current development)
  5. Governments of Australia, Canada, France and New Zealand: for agricultural trade certificates
  6. World Trade Organization negotiators on trade facilitation: as examples of relevant standards and recommendations particularly for aligned documents and Single Windows
  7. Government of the Republic of Korea: for public procurement services
  8. Central Asian and South East European (SEE) Governments: for Single Window capacity-building and implementation
  9. Government of India: for its ports management system
  10. Asia Pacific Economic Cooperation and Association of Southeast Asian Nations and the Government of India: for development of electronic trade documents
  11. Southeast European countries: for work on customs corridors
  12. World Customs Organization and numerous national Customs administrations, S.W.I.F.T and ISO 20022 (Finance): for data formats and definitions
  13. Global Standards 1 (GS1): for all trade messages (with approximately 110,000 companies having implemented these)
  14. International insurance industry: for coverage and claims
  15. European gas and electricity industries: for information exchange
  16. Japanese construction industry: for e-tendering
  17. Japanese tourism industry: for rental of small-scale lodging houses
  18. European transport companies: for the exchange of short sea-transport information
  19. Numerous Governments in both developed and developing countries: for aligned documents.
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