

NATPRO Approach to Understanding and Facilitating Trade

Submitted by NATPRO Executive Director Report

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The NATPRO Trade Analysis Team has chosen to:

- I. Understand the business of Trading without the functions provided by governments and capture it in a “Trading - Business View” Model. This will show us what Trading is in the business world..
- II. Understand the government role in trade and capture this in a “Serving the Public Interest in Trade - Government View” Model.
- III. Link these models in a “Facilitating Trade” Model that shows where business and government interact. This will be a template to guide each NATPRO member in the development of their trading models. This model can also be used to measure the efficacy of trading functions.

Reference TRADE/WP.4/CRP.132/Rev.1, 4 March 1997.

Introduction:

Governments are involved and participate in Trade to maintain the public interest in trade facilitation, public safety and public welfare. For example:

- They promote trade to take advantage of their country's strengths.
- They manage trade to prevent harm to their people, environment and businesses.

This model is being approached by understanding what comes first. If neither businesses nor governments existed, the existence of governments would not open up a role for businesses. The existence of trading does open up a role for governments. Trading is how businesses get what they need to produce their products and to deliver their products to customers. It is because trading is taking place with benefits, costs, and risks for the public, that there is a role for governments.

I. Understand the Business of Trading:

In accordance with the principles of zero based structured transformation analysis using IDEF0, Integrated Definition Language - Activity Modelling, the NATPRO Trade Analysis Team has begun its analysis by documenting in IDEF0 the business transformations that occur during Trading.

Zero based analysis starts with nothing and assumes nothing. The final output or overall result to be achieved is defined. Then, transformations are included that will deliver the output or result in the simplest most straight forward manner and are under the control of the trading partners. Transformations not under the control of a trading partner will be included in another model, for example, the -

“Serving the Public Interest in Trade - Government View” Model will include transformations controlled by government.

The NATPRO Trade Analysis Team has defined a **“Completed Trade”** as: **The transfer of ownership of products between trading partners and any associated transformations required by the trading agreement (such as changing product location).**

The context or boundary of the analysis and model is all transformations required to transfer ownership of products and perform the transformations required by the trading agreement. Each transformation considered for inclusion in the model must be a component of achieving a “Completed Trade.”

This zero based critical path (ZBCP) model should be the optimum definition of WHAT must be done to complete a trading event in the world as we know it today and anticipate it to be in the near future. In a critical path model, each transformation is allowed to occur only once. As the world changes, for example, with the introduction of new technology, the model will be re-evaluated to include the impact of these changes in the world.

A critical path model is frequently used to define the future or TO-BE state of a company during a re-engineering exercise. The NATPRO ZBCP “Trading - Business View” Model is not intended to be a TO-BE model. It is designed to be a Reference Model that defines what Trading is to business and can be used by a business to determine what transformations are needed for them to carry out trading.

II. Understand the government role in trade and capture this in a “Serving the Public Interest in Trade - Government View” Model.

A government’s functions may benefit society when they:

1. Facilitate trade - nationally and internationally.
2. Recover infrastructure costs either through user fees or general taxes.
Example: International airplane landing fees.
3. Protect society from injury directly or via the environment change.
Example: Shipping rules are designed to prevent oil spills and safeguard the public during the movement of hazardous materials.

The first government model is a concept model not specific to any country that defines transformations that serve the public interest in trade. Later Regional models (for example: NAFTA, CARICOM) and National Models are planned to

show how trade is being facilitated in the regions and by the nations. A short list of concepts that will be included are: trade promotion and finance, tariffs and quotas and anti-dumping, food and drug and other product standards, drug and contraband interdiction, foreign assets control, fair trade and intellectual property and labor and environmental compliance, dual use and chemicals and weapons control and other issues of national and international concern.

III. Link these models in a “Facilitating Trade” Model.

This will be a template to guide each NATPRO member in the development of their model for trading.

The guide is designed to include national and regional views within the NATPRO scope.

With the government models and the generic “Trading - Business View” model included, the “Facilitating Trade” model will be a tool that any company can use to articulate, contrast, and evaluate their trade procedures.

Governments and businesses can use it to measure trade performance and the efficacy of any function.

Governments and businesses can use it to see how they can work better together to facilitate trade.

The “Facilitating Trade” Model will provide a means of measuring the value and cost of government functions - current and proposed.

IV. IDEF0 Diagrams

While the model is only in its early stages, pieces from the working model are presented here to help communicate what was said in sections I - III above.

A. Here is part of the top four levels of the indented node tree showing the relationship of the transformations discussed in I, II, and III. The logic is the same as your standard outline used in writing a document. A3 contains the details of the work of the NATPRO Business Analysis Team in producing this model.

- A0: Facilitating Trade
 - A1: Trading - Business View
 - A11: Transferring Ownership
 - A111: Choosing to trade
 - A112: Planning for Trading

- A113: Implementing/Administering the trading plan
- A114: Measuring for trade
- A115: Recording trading events
- A12: Changing Product Location
- A13: Changing Associated Relationships
- A2: Serving the Public Interest in Trade - Government View
 - A21: Facilitating General
 - A22: Facilitating by Region
 - A23: Facilitating by Nation
- A3: Analyzing Trade - NATPRO activities

B. ICOM Diagrams

Attached are ICOM diagrams of the nodes displayed in IV. A showing the some of the information and physical things that pass between these transformations.

Inputs enter from the left side,
Outputs exit the right side,
Controls enter from the top, and
Mechanisms enter from the bottom of the boxes that contain the transformation.







