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COMMITTEE FOR TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT

Centre for the Facilitation of Procedures and Practices
for Administration, Commerce and Transport
(Item 3 of the provisional agenda of the
Meeting of Experts on Procedures
and Documentation (GE.2)
Fifty-sixth session, 16-17 September 1997)

ANALYSIS OF THE INTERNATIONAL TRADE TRANSACTION [031]

Report of the International Trade
Transaction (ITT) Group

(Item 1.3.1 of the Programme of work)

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Transmitted on behalf of the Group
by the Convenor *

This document contains the revised Mandate and the work programme for the establishment of the CEFACT Permanent Working International Trade Transaction (Process and Procedures) Group.

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REPORT FROM THE INTERNATIONAL TRADE TRANSACTION (ITT) GROUP

1. A meeting of the International Trade Transaction (ITT) Group took place in Geneva, under the Chairmanship of the Acting Convenor, Mr. R. Battersby (the United Kingdom), on 2-3 July 1997.
2. The meeting was attended by Mr. R. Battersby (the United Kingdom, SITPRO), Mrs. M. Brewster (the United Kingdom, SITPRO), Mr. R.- D. Notz (Germany, DE-PRO), Mrs. I. Petrache (Romania), Mr. E. Smirnov (ECE Trade Facilitation Section), Mrs. V. Cram-Martos (ECE Trade Facilitation Section).
3. The provisional agenda for the meeting was approved.

Item 1 - Follow-up of the CEFACT Steering Group discussion on the establishment of the Working Group on International Trade Transaction (ITT)

4. The Chairman informed the Meeting of the discussion on the establishment of the CEFACT Working Group on International Trade Transaction (ITT) at the CEFACT Steering Group May 1997 meeting. He reminded that all necessary information to set up the Working Group had been approved by the March 1997 session of GE.2 (document TRADE/WP.4/R.1271). As a result of the discussion at the Steering Group meeting, various modifications were made to the proposed Mandate for the ITT Group and alternative titles for the group was discussed. Agreed upon modifications were reflected in a revised document. However, no final agreement was reached on a name for the group.
5. The Meeting noted the revised draft Mandate (Annex I) to set up the CEFACT Working Party on the International Trade Transaction to be discussed at the CEFACT Steering Group meeting in August 1997.
6. The meeting drafted a work programme (Annex II) for activities related to the development of the ITT Models.

Item 2 - Exchange of information on the development of electronic ITT models at the various meetings since the first session of CEFACT in March 1997

7. Mr. R. Battersby (SITPRO) introduced a draft document on "hot spots" (problem areas) that could benefit from the adoption of the CEFACT trade facilitation recommendations.
8. Mrs. I. Petrache (Romania) informed the Meeting on the development of the Transport stage of the Master ITT Model in Romania and the system of the aligned international trade documents.
8. Mr. R. D. Notz (DE-PRO) explained the situation with the development of models in Germany and informed the meeting of the establishment of the national ITT Group in his country.

Item 3 - Guidelines for the graphic representation of ITT and introduction of the ITT modelling documentation in the World Wide Web Network

9. The representative of SITPRO, Ms. M. Brewster, informed the meeting that SITPRO, in cooperation with the ECE/Regional Adviser on trade facilitation, Mr. W. Keenan, made some progress recently with converting the ITT frameworks (ex-ITT Models) to the new GIF/client-side image mapping (CSIM) format.

10. The procedure is as follows:

- a) Use SmartDraw to develop the basic diagram;
- b) Export the Smartdraw image as a GIF file;
- c) Use Map THIS to create the HTML file containing the CSIM coordinates. (Map THIS is freeware, running on WIN95/NT, but also WIN3.x with WIN32s.)

11. The next step is to use frames to simplify the links between the images and supporting text, where appropriate.

12. Unlike the problems experienced with the Adobe Acrobat PDF files, this presentation runs exactly the same on a stand-alone PC or via the WWW. The only software that costs money is SmartDraw (USD 50).

13. The meeting noted this development and agreed that an informal paper with the description of this method will be distributed by SITPRO for participants of the second CEFACT session in September 1997 and the United Kingdom ITT Model will be converted from GRADE format by the end of October 1997. All further developments on the graphic representation of frameworks will be carried out with the use of this new method.

Item 4 - Development of the electronic ITT models

14. The Meeting noted the progress reached by the appropriate national delegations in the development of the Hungarian, Romanian, United Kingdom, Russian and Iranian Models.

15. The meeting also noted that the list of trade documents would be prepared by the delegation of Romania. In this respect, it was agreed to establish a Register of the aligned international trade documents.

Item 5 - Analysis and implementation of the ITT Modelling results

16. The meeting noted the urgent need to update ECE/FAL Recommendation No.4.

17. The meeting proposed that, in accordance with migration of GE.2 to new CEFACT structure, Recommendation No.13 "Facilitation of Identified Legal Problems in Import Clearance Procedures" and Recommendation No.14 "Authentication of Trade Documents by means other than signature" should be covered by the proposed CEFACT Legal Working Group.

18. The meeting confirmed that potential new CEFACT Recommendations would be on audit-based control principles with risk assessment and on document/EDI system. On the latter, the Convenor stated that last year SITPRO launched the

Aligned Documents and Electronic Equivalents Project (ADEEP), a new initiative on the convergence of the forms in the UK Aligned series of Export Documents and electronic messages. The objective of the project is to design and deliver a system allowing traders to move between paper and electronic documents at any point in the trading process. (Further details on the subject are in Annex III).

Item 6 - Discussion of future work of the CEFACT ITT Group and development of the Report to the GE.2 session in September 1997

19. The meeting updated the draft programme of work to be taken into consideration for the establishment of the CEFACT Permanent Working International Trade Transaction (Process and Procedures) Group (Annex II).

Annex I

MANDATE FOR THE INTERNATIONAL TRADE TRANSACTION (PROCESS AND PROCEDURES) GROUP

1. Objective

The Group's objective is to make both public and private sector international trade procedures become, to the optimum extent possible analogous to, and as simple as, their national equivalents.

2. Scope

The scope of the Group is the procedures and information flows covering:

- a. international trade of goods and relevant services, with alignment to domestic trade where relevant;
- b. coherence with other CEFACT fields of activity at the appropriate level, these will include:
 - sectoral areas such as health care, social security etc.
 - other related frameworks
 - information exchange, whether based on traditional or electronic methodologies.

3. Key Deliverables

The following are key deliverables identified by the Group:

- a. develop draft trade facilitation Recommendations;
- b. propose amendments to existing Recommendations, based on a systematic review and monitoring of their implementation;
- c. register, maintain and, where applicable, develop related frameworks;
- d. supply educational and promotional material;

4. Geographical Focus

The focus is global.

5. Functional Expertise for Membership

The membership of the Group, will be open to all CEFACT delegations providing that the resultant functional expertise of the Group collectively provides a detailed and proven expertise in:

- a. international trade and facilitation ;
- b. trade process and procedure analysis;
- c. UNLK document design;
- d. awareness of ICT (Information and Communication Technology) and associated developments.

6. Delegated Responsibilities

The working group needs to be empowered to:

- a. establish sub groups and support teams as required and liaise with other sectors of CEFACT as appropriate.
- b. maintain existing CEFACT Recommendations as identified per the annex/work programme.

7. Statement of Resource Requirements

For the ITT Group to undertake its work it will need:

- up to 2.5 staff per year from the UN/ECE secretariat resources in the Trade Facilitation Section, to be reviewed after 2 years;
- extra-budgetary resources to include the software required for modelling;
- and the use of a full-time seconded consultant.

This resource will include support for up to 4, one-week ITT meetings per year, with at least two held in venues outside Geneva, implementation and promotion of trade facilitation recommendations; development and maintenance of the registry; regional coverage (i.e. support for input from outside the ECE region); educational activities;

All other members will be responsible for resources covering their own participation.

Annex II

**Draft Work programme of the International Trade Transaction (ITT)
CEFACT Working Group**

1. ITT Modelling Guidelines and introduction of the ITT Modelling documentation in the World Wide Web Network
 - 1.1 Guidelines for the graphic representation of the International trade Transaction (ITTGRAFREP)
 - 1.2 Maintenance of the WWW presentation
2. Development of the ITT frameworks
 - 2.1 Development of the electronic ITT models
 - 2.1 Update the existing stages of the ITT Model (UK exercise)
 - 2.2 Development of regional and national electronic models of international transactions and their registration
 - 2.2.1 The German Model
 - 2.2.2 The Hungarian Model
 - 2.2.3 The Iranian Model
 - 2.2.4 The Romanian Model
 - 2.2.5 The Russian Model
 - 2.2.6 The United Kingdom Model
3. Analysis and implementation of the ITT Modelling results
 - 3.1 Suggest revision of:
 - 3.1.1 Recommendation No.4 "National Trade Facilitation Organizations";
 - 3.1.2 Recommendation No.13 "Facilitation of Identified Legal Problems in Import Clearance Procedures";
 - 3.1.3 Recommendation No.14 "Authentication of trade Documents by means other than signature";
 - 3.1.4 No.18 "Facilitation measures related to international trade procedures".
 - 3.2 Potential new CEFACT Recommendations:
 - 3.2.1 Audit-based control principles with risk assessment;
 - 3.2.2 Recommendations on document/EDI system.
 - 3.3 Review of requests for new messages in international trade against the ITT models (participation in UN/EDIFACT Data Maintenance Requests (DMR) process)

- 3.4 Ongoing Register of the aligned documents which could lead to specific Recommendations.
- 4. Cooperation and coordination with international organizations in this area in coordination with other CEFACT groups.
 - 4.1 ESCAP and other UN regional economic commissions
 - 4.2 JRT
 - 4.3 CEFACT Legal Rapporteurs Team
 - 4.4 World Customs Organization (WCO)
 - 4.5 World Trade Organization (WTO)
 - 4.6 International Chamber of Commerce (ICC)
 - 4.7 International Chamber of Shipping (ICS)-BOLERO project
 - 4.8 ISO
 - 4.9 BSR project
 - 4.10 EURIDIS (Erasmus University Research Institute for Decision and Information Systems)
- 5.0 Review of implementation of WP.4/CEFACT Recommendations at the country level each 3-5 years
- 6.0 Annual Report to the CEFACT Plenary on the ITT Group activities.

Annex III

SITPRO
The Simpler Trade Procedures Board

Briefing Note

Aligned Documents and Electronic Equivalents

Project Objective

One of the major success stories in facilitating international trade is the UK Aligned Documents System developed and promoted by SITPRO. For nearly thirty years it has taken the drudgery out of form filling, significantly reduced error rates and administrative costs and speeded up the delivery of goods and the flow of payment funds. During the past ten years Electronic Data Interchange (EDI) has delivered similar benefits for those companies able to automate their business processes.

The overall objective of the Aligned Documents and Electronic Equivalents Project (ADEEP) is to converge the two ways of handling and transmitting data.

We aim to design and deliver a process including aligned documents, standards and electronic support to allow traders to provide and use **compatible paper and electronic documents** at any point in the international trade transaction. The process will be **user friendly, effective and economic**.

We accept that paper documents will be a vital part of the international trading environment well into the next millennium.

We will not design new messages but map simple subsets of current UN/EDIFACT messages, the recognised international standard.

We will continually survey and monitor operational exporting practices to ensure we meet user requirements especially those of the new or smaller companies expanding into overseas markets.

Project Participants

To achieve the project objective, SITPRO has assembled a multi discipline talented team including **exporters, forms owners, carriers and freight forwarders, export service providers, banking and financial services, and systems and software providers**. The project also has the active support of HM Customs & Excise and the Department of Trade and Industry.

Project Timetable

A Project Management Plan has been prepared identifying the milestones on the road to convergence. Several have already been reached:-

□ project methodology with the formation of a Steering Committee and a Documents Working Group;

- identification of a target list of documents to be converted to electronic messages;
- a core list of data elements on the forms
- a survey of user requirements
- production of a matrix to allow the comparison of the data elements on the forms with the segments and codes in the UN/EDIFACT structure.

Other milestones further down the road are:-

- development of a SITPRO database of the UK Aligned System
- mapping of the simple subset messages
- endorsement of the output by forms owners and other relevant organisations
- a marketing programme and a publicity campaign

The aim is to have agreed and approved subset messages for the pathfinder documents, the Commercial and the Transport categories **available for use in early January 1998.**

Electronic Forms on the INTERNET

Running in tandem with the ADEEP initiative, SITPRO is looking at how to develop and license electronic forms for the Internet so that small and medium size enterprises, **the important SME sector**, can easily and at low cost fill in forms on their PC that can arrive at the recipient as an EDI message. As a first step in the developmental work we are defining the criteria for any SITPRO approved and licensed site that will reproduce the forms in the Aligned System.

Agreed Categories of Export Documents

Category 1

- Quotation
- Purchase Order & Acknowledgement of Purchase Order
- Commercial Invoice (and Proforma), service industry Invoices

Category 2

- Letter of Credit Presentation Form
- Bank Collection Forms (see COLREQ)

Category 3

- Packing List
- Despatch Advice and Receipt Note
- Certificate of Shipment

Category 4

- ECSI
- SSN
- Dangerous Goods Note
- SeaWay Bill and AirWay Bill
- Insurance Document

Category 5

- Customs declarations (C88) - pre clearance and pre entry
 - CAP documents
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