



**Economic and Social
Council**

Distr.
GENERAL

TRADE/CEFACT/1999/11
27 January 1999

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT

Centre for the Facilitation of Procedures and Practices
for Administration, Commerce and Transport (CEFACT)

Item 9 of the provisional agenda

Fifth session, 15-17 March 1999

International Trade Procedures Working Group (ITPWG)

DRAFT REVISION OF RECOMMENDATION No. 4

"National Trade Facilitation Bodies"

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Submitted by the International Trade Procedures Working Group (ITPWG)*

This recommendation has been revised by the International Trade Procedures Working Group (ITPWG) and is submitted for approval.

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I. PREAMBLE

At its third session, held in October 1974, the Working Party on Facilitation of International Trade Procedures adopted Recommendation No. 4, "National

Trade Facilitation Organs" in order to encourage the establishment of national organizations, or other suitable means, for the implementation of recommendations on the facilitation of international trade procedures.

In view of the many changes which have taken place in the fields of trade and transport since 1974, resulting from political, economic and technological developments, the UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT), which has replaced the Working Party on Facilitation of International Trade Procedures, undertook to revise this Recommendation.

II. RECOMMENDATION

In, at itssession, UN/CEFACT adopted the following revised Recommendation:

"The UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT) recommends that Governments establish and support national trade facilitation bodies with balanced private and public sector participation in order to:

- *identify issues affecting the cost and efficiency of their country's international trade;*
- *develop measures to reduce the cost and improve the efficiency of international trade;*
- *assist in the implementation of those measures;*
- *provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation; and*
- *participate in international efforts to improve trade facilitation and efficiency.*

At that session, representatives attended from:

.....

The following specialized agency, intergovernmental and non-governmental organization were also represented:

.....

III. EXPLANATORY TEXT

A. Trade Facilitation

A.1 Introduction

1. Formalities, procedures and paperwork in international trade are generated by the need for governments and trade operators to monitor and control the movement of goods, transfer of services and related financial flows. This is necessary in order to safeguard each country's requirements to collect tariff revenues and to control the cross-border movement of illegal drugs, arms, protected species, hazardous waste, and other controlled products and to fulfill the information requirements for operational and statistical purposes.

2. Regulatory authorities, however, often amend or add formalities, procedures and documents without consultation and without consideration of the effect of such changes on the cost and efficiency of the overall trading system. The effect of this practice often becomes an economic burden to the trading community. Costs, and uncertainties associated with transactions across national boundaries, together with differences in official regulations and practices, all act to inhibit trade flows. This situation discourages many businesses from even considering trading on an international basis, particularly small- and medium-sized enterprises.

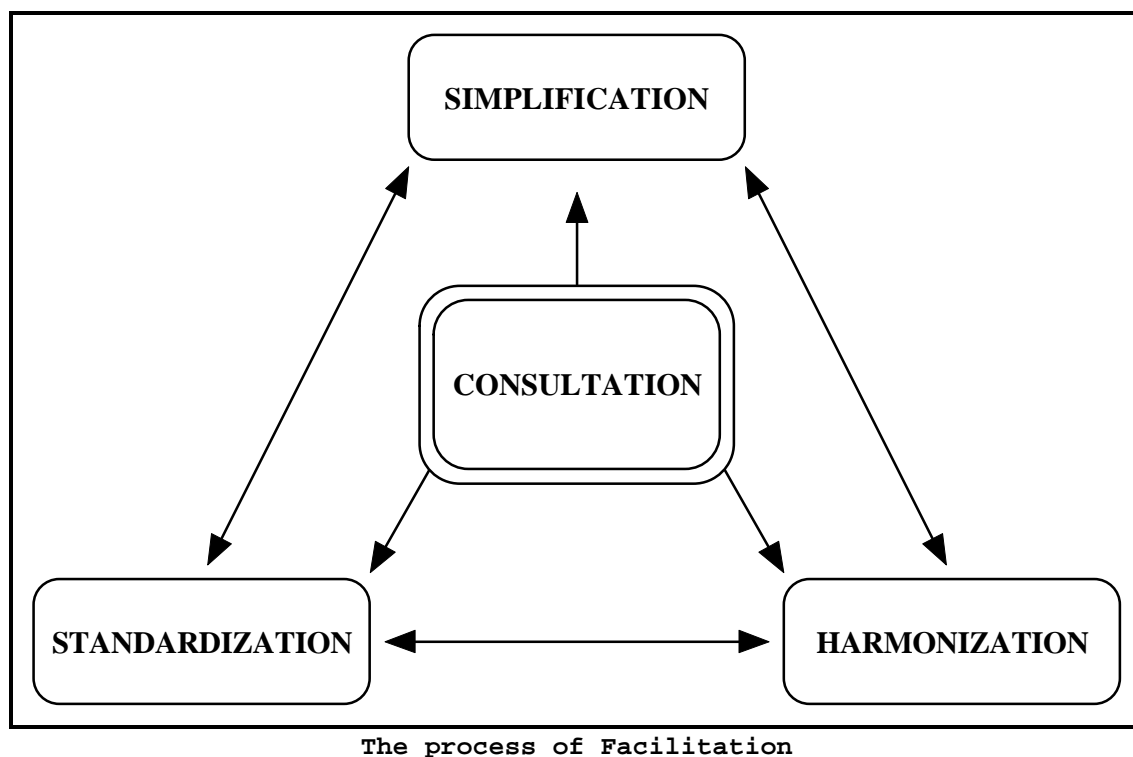
3. While the requirements of one commercial organization or governmental department may conflict with those of another, it is often possible to simplify formalities and streamline procedures without prejudicing the essential interests of any of the parties concerned.

4. Countries interested in maintaining an internationally competitive economy should introduce consultation mechanisms for simplifying and reducing formalities, procedures, documents and other requirements to the minimum acceptable by all parties concerned.

5. International and national bodies in various countries and sectors have introduced many improvements in the trade-related flows of information and goods, including international conventions, standards, recommendations and guidelines. Many of these have been developed through the work of the former UN/ECE Working Party 4, now UN/CEFACT. Others have been developed by the United Nations Conference on Trade and Development (UNCTAD), the International Maritime Organization (IMO), the World Customs Organization (WCO), the International Chamber of Commerce (ICC), the International Organization for Standardization (ISO), and many others.

A.2 Facilitation goals

6. Facilitation covers the formalities, procedures, documents and operations related to international trade transactions and its goals are simplification, harmonization and standardization so that transactions become easier, quicker and more economical than before. In order to achieve this, facilitation requires consultation between all concerned parties.



Simplification

7. Simplification is the process of eliminating all unnecessary elements and duplications in formalities, processes and procedures.

8. A typical example of simplification is the combination of several administrative documents into one, based on a pre-established format such as the UN Layout Key, the International Chamber of Shipping Bill of Lading and the European Union Single Administrative Document.

Harmonization

9. Harmonization is the alignment of national formalities, procedures, operations and documents with international conventions, standards and practices.

10. Typical examples of harmonization are the adherence by a country to the International Maritime Organization's Convention on the Facilitation of International Maritime Traffic to prevent unnecessary delays to ships and to persons and property on board, and the use of INCOTERMS when referring to internationally accepted trade terms in coded form.

Standardization

11. Standardization in trade facilitation is the process of developing internationally agreed formats for practices and procedures, documents and information.

12. Typical examples of standardization in trade facilitation are the UN Layout Key for Trade Documents, the UN standard for Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT), and international codes for information such as countries, currencies and locations.

13. It should be noted that the use of technical standards, such as the ISO standards for freight containers, is also a very important element in the facilitation of international trade and transportation.

B. National trade facilitation bodies

B.1 Need for coordination and consultation

14. Facilitation activities must be approached in a coordinated manner to ensure that problems are not created in one part of the transaction chain by introducing solutions to another part. The needs of all parties, both private and public sectors, must be identified before solutions can be found and those best placed to explain their needs are those directly involved in the transaction chain. This requires an effective forum where private sector managers, public sector administrators and policy makers can work together towards the effective implementation of jointly-agreed facilitation measures.

15. National trade facilitation bodies provide this very important forum. Participants in such bodies should represent all companies and institutions that take part in international trade transactions: manufacturers, importers, exporters, freight forwarders, carriers, banks, insurance companies and public administrations, each with a joint and separate interest in the facilitation of trade. It is only with the active involvement of these participants that impediments can be analysed meaningfully and co-operative solutions devised.

16. Because the national environment for international trade varies widely from one country to another, the exact role and organization of a national trade facilitation body is unique to the country in which it is found. In some countries, the trade facilitation body focuses on formalities, procedures and documents, and promotes, for example, UN/EDIFACT standards. In other

countries, particularly developing countries and countries in transition, it serves as a forum to coordinate broader trade-related policies covering not only the use of standards and recommendations, but also profound legal reforms in the fields of finance, banking, insurance, trade and transport.

17. Currently there are many national trade facilitation bodies around the world which operate with the support of the trading community and governments in their respective country. A list of these organizations can be found on the CEFACT web page (<http://www.unece.org/cefact>).
