

## **CEFACT**

### **A VISION AND STRATEGY FOR THE NEW MILLENIUM**

This document contains a proposed revision of TRADE/CEFACT/1998/19 (UN/CEFACT - A Vision and Strategy for the New Millenium). The proposed changes are indicated in bold.

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## Introduction

1. In the challenging and dynamic world of global commerce, international agreements to lower customs tariffs have resulted in tariffs becoming less and less of a barrier to trade. The diminishing role of tariffs has focussed attention sharply on other factors inhibiting trade. In particular, there is a broadening consensus around the critical role that improvements in the efficiency of business and trading processes have to play in the acceleration of the growth and scope of world trade. UN/CEFACT was established in 1997 with a remit to improve these processes radically.
2. The general trends that influence UN/CEFACT's work programme are:
  - globalization of the markets;
  - economic regionalisation; and
  - information technology developments and, in particular, electronic commerce, electronic business and the virtual enterprise.
3. Globalisation of the marketplace is taking place rapidly, with companies sourcing components in one part of the world, assembling them in another part of the world, and selling them in yet another. To compete in this new environment, successful companies have found it necessary to restructure themselves and the way they do business. In their organisations they have become leaner, flatter, more focussed on their supply chains and customers and, in their operations, they have implemented modern and effective processes, information systems and trade facilitation techniques. **Small and Medium sized Enterprises (SME's) are especially important in the new environment and they have particular requirements for simple, transparent, processes supported by inexpensive and robust technology.**
4. **Above all, the trend toward globalisation has resulted in the need for effective information flows between participants in international markets. This is a need which UN/CEFACT is fulfilling through its work on processes, procedures and techniques, and its recommendations for their implementation based on world-class practice.**
5. Economic regionalisation has created an increased need for international partnerships and cooperation because no country or region will gain the full benefits from trade liberalisation and trade facilitation - and world trade will not achieve its growth potential - unless these benefits are extended to all countries and regions. To promote this UN/CEFACT has established a wide network of cooperation with other organizations including the World Trade Organization, the World Customs Organization, and the International Organization for Standardization. In addition, within the UN system, UN/CEFACT is working closely with the other regional commissions in Africa, Asia-Pacific, Latin America and the Caribbean and Western Asia, as well as with UNCTAD and UNCITRAL.

6. Recent developments in information and telecommunications technologies have resulted in the emergence, as part of electronic commerce, of a new concept: the "virtual" enterprise. This is an organisation that customers and suppliers "see" as one enterprise; but which may, or may not, exist as a single physical entity. The Internet "virtual" enterprise is based upon an invisible web of communications and relationships between many different computer systems and companies. To function effectively on a global scale, this invisible economic web must be built upon a solid infrastructure of internationally recognised norms in business information and practices and upon a clear legal structure. This foundation exists in concepts such as electronic business, a global legal framework and in standards developed by UN/CEFACT such as UN/EDIFACT, the UN Layout Key and other primary facilitation measures.
7. UN/CEFACT's approach follows four basic steps:
  - analysis;
  - simplification;
  - harmonisation; and
  - standardisation.
8. These steps are applied to processes, procedures, information flows and the technologies used for their implementation. There is a focus on procedures because they often mark the points within a process where information is gathered, distributed, interpreted or acted upon. There is a focus on technologies because they can make a tremendous practical impact on the speed and efficiency of processes.
9. The results of UN/CEFACT's work are captured in recommendations for best practices and in the standards developed for process-related information. Among the best known are the UN Layout Key for documents, UN/EDIFACT for electronic data interchange and the UN Location Code (UN/LOCODE) for the identification of trading locations around the world.
10. Improving trade and business practices clearly requires cooperation with the private sector. Within UN/CEFACT there is a wide range of opportunities for partnership between the private and public sectors at the international as well as at the national level.
11. To support its work UN/CEFACT has developed the following vision and strategy for the new millennium.

## **Vision**

*"Simple, transparent and effective processes for global commerce"*

*"Making global commerce happen is a real challenge. It requires open, effective, commercially secure, business and administrative processes. These are the goal of UN/CEFACT. Such processes, combined with information technology and legal certainty, provide substantial benefits to enterprises and governments alike. Some of these benefits are:*

- *simplified procedures;*
- *integrated supply chains;*
- *effective trading communities;*
- *reduced cycle times;*
- *streamlined business; and*
- *lower costs.”*

### **Strategy**

12. In order to achieve its vision, UN/CEFACT will work to:

- Obtain full political support for trade facilitation measures. This will be done by working closely with other organizations such as the WTO, WCO, OECD and the G8 in order to integrate trade facilitation elements into their own programmes and develop joint projects. These joint projects could include the development of binding international agreements to implement trade facilitation measures such as conventions;
- Bring the private and public sectors closer together through a partnership in support of accelerating the growth and scope of world trade;
- **Consider the special needs of SME's in global commerce.**
- Develop and deliver products and recommendations to support its vision, according to its work programme;
- Create synergies among UN/CEFACT's existing work, especially between “traditional” procedures and its electronic business activities, and technological developments;
- Increase awareness of trade facilitation and UN/CEFACT via: promotion, participation in other fora, and cooperative projects with other organisations both within and outside of the UN system.

13. The above vision and strategy are based in UN/CEFACT's mission statement which was adopted in September 1996 and is copied below.

**Mission Statement**

(Document TRADE/R.650, Recommendations for the establishment of CEFACT, page 6, paragraph 1)

“The United Nations, through the UN/ECE, 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. Its principal focus is to facilitate international transactions, through the simplification and harmonisation of procedures and information flows, and so contribute to the growth of global commerce.

This is achieved by:

- analysing and understanding the key elements of international transactions and working for the elimination of constraints;
  - developing methods to facilitate transactions, including the relevant use of information technologies;
  - promoting both the use of these methods, and associated best practices, through channels such as government, industry and service associations;
  - co-ordinating its work with other international organizations such as WTO, WCO, OECD, UNCITRAL and UNCTAD; and
  - securing coherence especially in UN/EDIFACT, by co-operating with other interested parties, such as ISO and ITU, in recognition that its work has broad application in the areas beyond global commerce.”
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