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Matters Arising since the twenty-seventh session

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Submitted by the secretariat

Summary

In this document the United Nations Economic Commission for Europe (ECE) secretariat reports on matters arising since the twenty-seventh Plenary Session of United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). The report provides a summary of the main developments in the work of the UN/CEFACT and an overview of the secretariat's outreach and support activities to enhance the implementation of ECE and UN/CEFACT recommendations, standards and tools for trade facilitate and electronic business.

Document ECE/TRADE/C/CEFACT/2022/3 is submitted by the secretariat to the twenty-eighth session of the UN/CEFACT Plenary for information.



I. Introduction

1. This document provides a summary of the main developments in the work of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and an overview of the ECE secretariat's outreach and support activities to enhance the implementation of ECE and UN/CEFACT recommendations, standards and tools for trade facilitation and electronic business. These activities are carried out against the backdrop of the global community's efforts to achieve the United Nations 2030 Agenda for Sustainable Development and the World Trade Organization (WTO) members' efforts to harness the full potential of trade facilitation measures.
2. Trade facilitation and electronic business play a key role in the trade-related aspects of these efforts, which are led within the ECE by UN/CEFACT. UN/CEFACT has been supporting member States of the ECE region and beyond in their efforts to embrace their commitment to delivering on the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development.

II. Supply chain disruptions in the context of the public health crisis and regional conflicts

3. Global trade is recovering from the unprecedented COVID-19 pandemic and the related travel restrictions, and with the gradual return to the “new normal” the objective remains to ensure that this recovery is sustainable and resilient while ensuring better preparedness for future shocks.
4. The significant disruptions in the global value chains due to COVID have been further exacerbated by the escalating conflict in some ECE member States. These disruptions have impeded global access to food, medications and other essentials and have led to a significant spike in prices; this has left a lasting scar on regional and global economies. The WTO reported that in 2020 the global GDP fell by 3.4 per cent and the volume of world merchandise by 5 per cent. For 2022, WTO predicted the global GDP growth at 2.8 per cent and a merchandise trade volume growth at 3 per cent¹.
5. Trade costs trend is on the rise as a result of the sanctions, export restrictions, increase in energy costs and disruptions in the supply chain. The electronic exchange of information and the digitalization will be the key component of the future economic recovery.
6. To support the disruption caused by humanitarian crises, UN/CEFACT developed policy Recommendation No. 44 on Cross-Border Facilitation Measures for Disaster Relief. This recommendation advocates to governments the importance of building national capacity and capability to cope with a large influx of humanitarian relief. Prepared in close collaboration with the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and with significant contributions from the International Committee of the Red Cross, the World Customs Organization (WCO), and the United Nations Conference on Trade and Development (UNCTAD), this policy recommendation supports governments by providing key considerations and practices for implementing preparedness measures for the facilitation of a large influx of humanitarian relief after a disaster. Specific attention is provided to the immediate emergency response phase of a sudden onset disaster scenario.
7. To support the COVID-19 recovery, policy Recommendation No. 47 and White Paper on Pandemic Crisis Trade-Related Response were developed in response to the needs of member States. They outline measures to mitigate the adverse impact of a pandemic such as COVID-19 on trade flows. Such pandemics have revealed the challenges of facing a health

¹ https://www.wto.org/english/news_e/pres22_e/pr902_e.pdf

crisis, its impact on society and economies, and its potential to leave lasting scars on the global economy. This recommendation is part of a larger effort within the ECE to assist countries in containing and mitigating the effects of the COVID-19 pandemic. These efforts have been structured into three pillars: facilitating connectivity; addressing transboundary and other risks; and promoting a resilient, sustainable and inclusive recovery.

A. Digitalization and dematerialization

8. The 70th ECE Commission session will focus on “Digital and green transformations for sustainable development in the UNECE region”. UN/CEFACT has expressed its readiness to support the ECE secretariat in preparing for the upcoming anniversary session in April 2023, considering that the topics of digitalization and the green economy are of high relevance to the work of UN/CEFACT and its subsidiary bodies. To date, UN/CEFACT and its secretariat has contributed nearly 50 recommendations and 950 standards to international and regional processes to support digitalization in member States, but also to accelerate the transition towards circular and green economy.

9. UN/CEFACT already provides a wide range of tools that can help in this effort: The Buy-Ship-Pay model allows each individual step on the international supply chain to be harmonized in order to ensure interoperability at all levels, and this is based on the very robust set of semantic standards. The UN/CEFACT reference data models allow subsets of the Core Component Library to be used for specific sectors and activities (supply chain, transport/logistics, and others to come) and this allows for a comprehensive data model which remains interoperable with the rest of the supply chain. There are already hundreds of readily available e-business standards and code lists, all of which are aligned and interoperable with this semantic base, and there are specific projects which directly relate to building back better, such as the Smart Container e-business standard and the Supply Chain Cross-Industry Track and Trace Project.

10. The COVID-19 pandemic has led to further challenges to the most vulnerable regions, such as Central Asia, causing these landlocked countries to struggle to recover and making them more vulnerable to shocks. The pandemic highlighted the need for dematerialization and electronic documents to limit physical contact and decrease costs. “Building back better” and transitioning to a circular economy is a priority for the region.

B. Electronic certificates

11. Availability of and access to reliable information are important for the advancement of responsible production and consumption patterns and the sustainable management of natural resources. UN/CEFACT has been developing norms, standards and tools to facilitate policy coherence, regulatory compliance, interoperability of systems and collaboration among value chain actors in priority sectors for the transition to circular economy.

12. It has been long recognized that improvements in implementing agricultural trade standards is essential for the ECE region, and this has been exacerbated by COVID-19. The implementation rate across the ECE region for agricultural trade standards reached 61 per cent in 2021. Caucasus and Turkey reached the highest implementation in the region at 81 per cent, while Central Asia and Eastern Europe are lagging behind at 56 and 33 per cent respectively. Only 24 countries in the ECE region comply with electronic application and issuance of sanitary and phytosanitary (SPS) certificates².

² Digital and Sustainable Trade Facilitation UNECE Regional Report 2021 (ECE/TRADE/467)

13. UN/CEFACT standards for control of food quality, safety and soil contamination (such as eCERT, eCrop, and eQuality) help identify chemicals and contaminants, thereby enabling a significant reduction in their presence in agri-food supply chains and a reduction in their accidental release in soil. Use of these standards reduces waste across agri-food supply chains and enhances the quality and productivity of soil. This, in turn, reduces negative impacts on human health and the environment, and encourages resource efficiency and a circular economy. These standards are applied in cross-border trade where electronic SPS certification is required to facilitate the exchange of information for traded agricultural products between governmental regulators.

14. The COVID-19 pandemic showed the importance of automated regulatory controls in cross-border trade of agricultural produce and wildlife, particularly in times of crisis. Harmonizing and dematerializing these procedures, based on international standards, reduces opportunities for document fraud and allows governments to establish risk-based clearance processes. This exercise reveals three other levels of governance which must be taken into consideration: (i) the authentication of stakeholders and signatures; (ii) the documentation of processes and agreements on standard operating procedures; and (iii) the synchronization of message exchanges.

15. UN/CEFACT directly contributes to this in at least three ways. First, it has developed a number of e-business standards, such as eCERT and eQuality certificates, and in the past year it has been working on furthering electronic certificates. These are all grounded on a clear semantic base and harmonize processes across the entire supply chain. Second, it has provided guidance on key governance issues, building on its long experience with single window implementations and trade facilitation roadmaps. Third, UN/CEFACT has also produced guidance on the use of its standards, such as the guideline for the eCert standard. Earlier this year, ECE jointly with UNCTAD, produced the [Specifications for an Electronic Quality Certification System for Fresh Fruit and Vegetables](#). The Executive Guide on Electronic Certification Management System for Fresh Fruit and Vegetables will be presented to the twenty-eighth UN/CEFACT plenary for information (ECE/TRADE/C/CEFACT/2022/18).

16. In addition to the standard-setting activities, the secretariat has been piloting a number of cooperative activities throughout 2020 and into 2021, especially on the electronic exchange of CITES³ permits. It is continuing to provide guidance on the topic in 2022, in cooperation with Switzerland and the TRACES⁴ - eCITES project team to develop a specific set of guidelines for the exchange of electronic CITES permits between non-EU member administrations and the EU Hub2. The secretariat has also been working with the Economic and Social Commission for Asia and the Pacific (ESCAP) to create a task force on CITES Electronic Permit Information Exchange (EPIX) Pilots. The aim is to enable governments to exchange experiences in implementing electronic CITES trade-control systems, initiate joint projects, synchronize national developments, and identify gaps in capacity building and standards development.

III. Sustainable value chains in the circular economy

17. UN/CEFACT broadened the focus of the Team of Specialists (ToS) on sustainable fisheries to become the ToS on environmental, social and governance (ESG) traceability of sustainable value chains in the circular economy. To increase industries' ability to manage its value chain more sustainably, both consumers and businesses must first be aware of the nature and magnitude of the ESG challenges. The ToS focus is to enable more informed

³ Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

⁴ https://food.ec.europa.eu/animals/traces_en

decisions in sustainable production and consumption, using ESG traceability approaches and systems for the exchange of data and information along global value chains in priority industries, with the goal of supporting the circular transition.

18. According to a series of recent studies, consumers are increasingly interested in making more environmentally and ethically aware choices when it comes to the clothes and shoes they wear; but the sector is awash with complex language and misleading labelling that makes it difficult for consumers to follow through on their good intentions. Building upon its expertise and widely used standards and tools for the exchange of electronic information in the agri-food and fishery value chains, UN/CEFACT is currently implementing a framework initiative to enhance the transparency and traceability of sustainable value chains in the garment and footwear industry. This initiative is being jointly implemented with the International Trade Centre (ITC) and the International Labour Organization (ILO), with funding of the European Union.

19. Since the launch of this initiative in September 2019, a set of tools have been developed and adopted by the UN/CEFACT Plenary, including the following: (i) ECE Recommendation No. 46 with its implementation guidelines; (ii) a series of technical standards in support of traceability and transparency for a sustainable and circular textile and leather value chain (including business process analyses, business requirements specifications, reference data models and XML messages for information exchange); and (iii) the Sustainability Pledge⁵ call to action to facilitate the uptake of project deliverables and the exchange of good practices and lessons learned. Since its launch in June 2021, the call to action has gathered more than 60 pledges submitted by about 200 industry actors. The goal of the initiative is to provide companies with a harmonized and standardized approach to the exchange of data about the sustainability performance of products, processes and facilities, to ensure that the actors involved throughout the value chain can speak the same language, and to ensure that sustainability claims are reliable. A dedicated website for the initiative has been launched for promotion and outreach.

20. Considering that advanced technologies and digital solutions have a key role to play, the project approach is being piloted in a blockchain environment with the first pilots focusing on the cotton and leather value chain. These pilots involve farmers, manufacturers, brands, academia and certifications bodies from about 20 countries around the world (e.g. Brazil, Denmark, Egypt, Germany, India, Italy, Peru, Switzerland, Uzbekistan, and the United Kingdom). Currently 18 use cases have been piloted, involving a wide range of products such as shirts, jeans, shoes and bags.

21. While specifically developed for the garment and footwear industry, these internationally agreed practices for advancing traceability and transparency could be widely applied to cross-industry value chains in key sectors of the circular economy such as high-value minerals, batteries, and e-waste. In fact, in 2022 the secretariat joined the task force for sustainable extractive industries established by the United Nations Secretary General.

IV. Capacity building and technical cooperation

22. Implementing trade facilitation reforms and international best practices remains a challenge for many countries around the world. The ECE secretariat has constantly striven to assist its member States to implement the standards and recommendations developed by UN/CEFACT as well as trade facilitation reforms in general. In the context of the COVID-19 pandemic recovery, this becomes even more critical as many countries are faced with

⁵ <http://thesustainabilitypledge.org>

economic difficulties due to disruptions in supply, demand and the global supply chain in general.

23. The World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) entered into force on 22 February 2017, after two-thirds of the WTO membership completed their domestic ratification process. This marked an important milestone in the history of the WTO and remains one of the most important international developments for the work of UN/CEFACT. Estimates show that the full implementation of the TFA could reduce trade costs by an average of 14.3 per cent and boost global trade by up to US\$1 trillion per year, with the biggest gains in the poorest countries. For the first time in WTO history, the requirement to implement the agreement is directly linked to the capacity of a country to do so. A Trade Facilitation Agreement Facility (TFAF) has been created to help ensure developing and least-developed countries obtain the assistance needed to reap the full benefits of the TFA. To date, 154 WTO members have ratified the TFA.

24. The International Chamber of Commerce and the World Trade Organization have published the first-ever toolkit to help companies and government agencies adopt available standards to accelerate the digitalization of trade processes, to which ECE has contributed. This shows the relevance of the UN/CEFACT standards and tools.

25. The TFA also provides a legal framework for the implementation of many of the ECE and UN/CEFACT recommendations, standards and tools developed over the past fifty years, all of which are freely available to United Nations member States⁶. It also provides a powerful boost to the political will to implement these measures and to the ability of developing countries to obtain technical assistance for their implementation.

26. The ECE secretariat has been active in supporting the implementation of the TFA, including through strengthening the capacity of ECE member States.

27. Over the past year, the secretariat has further supported the implementation of the WTO TFA, notably in Georgia in the framework of the 11th Tranche United Nations Development Account (UNDA) project, and in the Kyrgyz Republic through Russian Federation funding. In this context, the secretariat conducted a business process analysis (BPA), which was launched in May 2022 during the UN/CEFACT Forum.

28. For Georgia, as part of the UNDA 11th tranche project "Evidence-based trade facilitation measures for economies in transition", the UN/CEFACT secretariat, together with Georgian counterparts from Revenue Service and Enterprise Georgia, conducted a BPA for exports of pharmaceutical products from Georgia to the Central Asian economies. This BPA was conducted with the help of a national consultant from Georgia and supervised by an international consultant from the UN/CEFACT experts' group. The results of the BPA were launched on 20 May 2022 during a virtual event which involved more than one hundred worldwide experts. The BPA is presented to the UN/CEFACT Plenary for information (ECE/TRADE/471) and provides recommendations to streamline and reduce unnecessary red tape for the exportation of major Georgian pharmaceutical products.

29. In Kyrgyz Republic, the ECE secretariat undertook advisory services, supporting the Ministry of Economy and Commerce of Kyrgyz Republic in implementing activities outlined in the National Trade Facilitation Roadmap 2021-2025, which was launched in July 2021. Over 20 per cent of the roadmap activities have been implemented in the first year, including the development of five training modules and the delivery of training to over 100 trade

⁶ For information regarding UN/CEFACT tools and their contribution to the TFA, refer to table 6 in Digital and Sustainable Trade Facilitation UNECE Regional Report 2021 (ECE/TRADE/467) at https://unece.org/sites/default/files/2022-01/ECE_TRADE_467E.pdf

facilitation experts. In addition, three international seminars and one roundtable have taken place.

30. UN/CEFACT has produced a white paper which evaluates practices and solutions to strengthen private sector participation in national trade facilitation bodies (NTFBs), to make them more effective and to strengthen the impact of NTFBs on trade facilitation reforms. Public-private dialogue is vital for trade facilitation as it ensures a service-centred approach and collaboration. NTFBs should therefore strive to secure meaningful contributions and commitments from relevant private sector stakeholders.

31. The UNDA 14th tranche joint transport and trade project “Sustainable mobility and smart connectivity (trade and transport nexus) in Central Asia, the Caucasus and Western Balkans” is ongoing with an implementation period going from January 2021 to December 2024. Under this project the secretariat will update the Trade Facilitation Implementation Guide (TFIG)⁷ website and will be developed transport training modules. In addition, there will be organized regional seminar with the final aim to reduce supply chain disruptions in the ECE region.

32. The capacity building activities of the ECE regional advisor have been presented in a separate document (ECE/TRADE/C/CEFACT/2022/4) to provide a greater level of detail.

V. Cooperation with other organizations

33. The Chief of the Trade Facilitation Section is co-chairing with the Head of the International Telecommunication Union (ITU) Office for Europe office the United Nations Group for Digital Transformation in Europe and Central Asia (DTG4ECA)⁸. The objectives of this group are as follows:

- To create a regional platform to facilitate cooperation and collaboration between United Nations agencies in the field of digital transformation, to realize synergies among related areas of work and to contribute to relevant platforms, processes, conferences;
- To provide coordinated support to United Nations Member States in their implementation of the 2030 Agenda for Sustainable Development, using ICT, while providing support to the United Nations Country Teams (UNCTs) on digital transformation issues;
- To strengthen information sharing on the activities of the United Nations system in Europe and Central Asia in the field of digital transformation and advance achievement of the SDGs; and
- To provide support for the issue-based coalitions and the regional knowledge hub of the United Nations system for Europe and Central Asia, with a focus on digital transformation.

34. Together with the DTG4ECA, the UN/CEFACT secretariat co-organized two virtual events in the context of the ECE Regional Forum for Sustainable Development 2022. The first event was a side-session called “Digital Transformation beyond the COVID-19 Pandemic” which took place on 1 April 2022 and was attended by more than 60 participants. The second event was a peer-learning round-table discussion called “Accelerating digital development through multistakeholder partnerships” which was viewed by more than 70 worldwide experts.

⁷ <https://tfig.unece.org>

⁸ <https://unece.org/un-cooperation-unece-region/digital-transformation>

35. The UN/CEFACT secretariat is also chairing (on a rotational basis) the Management Group of Memorandum of Understanding on e-Business between the International Organization of Standards (ISO), International Electrotechnical Commission, ITU and ECE. This valuable group of experts ensures intersectoral coherence in the field of e-business, avoiding overlap and duplication among organizations and fostering digitalization. In October 2021 a webinar on blockchain use for e-business was organized by the e-Business MoU Management Group for experts from the four signatory organizations.⁹

36. Over the past year, UN/CEFACT has seen a peak in interest in its work on dematerialization and in the standards it produces: ISO technical committee 154 will develop two standards related to e-commerce, both using the UN/CEFACT semantic standards as their base. The Global Standards 1 (GS1) organization has actively engaged to harmonize their ongoing work with the Buy-Ship-Pay Reference Data Model. The International Civil Aviation Organization and the International Maritime Organization have both sought the assistance of UN/CEFACT to dematerialize their processes.

37. The secretariat attended the Third Meeting of the Parties to the 2009 Agreement on Port State Measures (PSMA) from 31 May to 4 June 2021. The concept paper (UN/LOCODE-AG/2020/INF.3) was drafted jointly by the ECE and the Food and Agriculture Organization (FAO) secretariats and approved by the UN/LOCODE Advisory Group as a general policy to support the inclusion and maintenance of all PSMA-designated ports in UN/LOCODE to combat illegal, unreported and unregulated (IUU) fishing. The FAO secretariat reported it to the PSMA meeting and invited the PSMA parties to provide guidance on whether the UN/LOCODE should be introduced as a mandatory requirement when registering PSMA-designated ports in the FAO PSMA electronic system. While several delegations were supportive, one party raised concerns; therefore, the discussion will be diverted to the FAO Technical Working Group on Information Exchange (TWG-IE), scheduled in 2022.

38. The secretariat, jointly with FAO, drafted a study paper on the use of UN/LOCODE for the FAO Global Record in order to combat IUU fishing (including and maintaining PSMA-designed ports in UN/LOCODE). In this way the FAO Global Record will become the backbone of international fisheries management as it provides the fleet record that links all the other related information.

39. The secretariat was also invited by Organisation for Economic Co-operation and Development (OECD) to contribute to a background paper and a workshop on opportunities and challenges of electronic sanitary certificates for trade in animal products. As a standards-setting body, UN/CEFACT has played an important role in enabling the development and use of the UN/CEFACT eCERT standard.

VI. United Nations Regional Commissions' Joint Approach to trade facilitation

40. The five United Nations Regional Commissions (RCs) have taken a joint approach to trade facilitation, which was decided by the Executive Secretaries of the commissions in Beirut in January 2010 and subsequently endorsed by all five RCs. In 2015 they launched the first Survey on Trade Facilitation and Paperless Trade, which was followed by the biennial editions in 2017, 2019 and 2021. The five RCs have jointly developed an online portal (untfsurvey.org) to help countries visualize and compare the implementation of measures across regions and economies.

⁹ The four signatory members are ISO, IEC, ITU and ECE-TFS. See <https://ECE.org/info/events/event/361376>.

41. In 2021 the five RCs published the result of the fourth United Nations Global Survey on Digital and Sustainable Trade Facilitation (previously called the United Nations Global Survey on Trade Facilitation and Paperless Trade Implementation), which covered 143 countries. It included a new set of measures on ‘Trade Facilitation in Times of Crisis’ referring to immediate and long-term measures aimed at addressing crisis situations like the COVID-19 pandemic. The results were presented at the joint RCs event during a virtual global launch in July 2021, led by ESCAP. The ECE Regional Report was published in December 2021. A regional launch of the ECE Regional Report, presenting the main results of the survey, was virtually organized during the 37th UN/CEFACT forum on 15 October 2021. The ECE has also created a brochure presenting the main findings of the survey, which was published in February 2022.¹⁰

42. Under the UNDA 14th tranche the five RCs developed the project “Blockchains for facilitating trade and enhancing competitiveness”. This project is led by the United Nations Economic and Social Commission for Western Asia (ESCWA) involves the five regional commissions for Africa, Europe, Latin America and the Caribbean, Asia and the Pacific as well as UNCTAD. Thereby, it ensures both global reach and regional representation, as well as international cooperation and the exchange of knowledge and good practices from all over the world.

43. The project will strengthen national innovation and technological capacities related to the use of blockchain technology in customs and trade operations in five selected developing countries and will boost trade and enhance competitiveness in support of sustainable development. The first coordination meeting of the project was organized by the UN/CEFACT secretariat in Geneva in June 2022 with the online participation of several UN/CEFACT experts. ECE is the RC that is more advanced in the implementation of blockchain technology for trade considering that extensive work done on this topic since 2017.

VII. Conclusions

44. The COVID-19 pandemic and recent political and economic crises have disrupted supply chains across the world, posing challenges to the sustainable development objectives pursued by public and private actors all around the globe. Trade facilitation can offer solutions for building resilience and fostering collaborations to respond to these challenges. In the last 50 years, UN/CEFACT, through its unique structure of over 1600 experts, has developed nearly 50 recommendations and 950 standards, providing a unique contribution to trade facilitation stakeholders. These tools are public goods and have been developed for free distribution and implementation.

45. UN/CEFACT also offers contributions to the policy objectives identified as cross-cutting priority areas for ECE’s 69th and 70th Commission sessions (“Circular economy and the sustainable use of natural resources in the ECE region”; “Digital and green transformations for sustainable development in the ECE region”). For example, UN/CEFACT is uniquely placed to offer trade facilitation and e-business solutions that can help respond to the rapid pace of digitalization that creates new challenges but also opportunities for public and private actors in the world. Similarly, UN/CEFACT has created concrete solutions that can help the circular and green transitions in priority sectors like agri-food, fisheries, garments and critical minerals.

46. The challenges arising from today’s multiple crisis are particularly pronounced in ECE’s seventeen programme countries in Central Asia, Southern Caucuses, Western Balkan and Eastern Europe. From a trade facilitation perspective, the status of many countries as

¹⁰ Available at https://ECE.org/sites/default/files/2022-02/ECE_Brochure_RegReport2021.pdf.

being landlocked deserves particular attention. The UN/CEFACT secretariat through extra budgetary projects, provides technical assistance and capacity building creating positive change at the country-level, on the ground, including in cooperation with respective UN country teams.

47. The unique success of UN/CEFACT across its different pillars of activities – normative, implementation and technical assistance – is possible thanks to a strong partnership with a wide range of international agencies and the work of UN/CEFACT Bureau, domain coordinators and experts. Continued, and expanded implementation of successful practices in transition and developing countries will be helped by successful resource mobilization and additional extra-budgetary funding.
