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Matters Arising since the twenty-eighth 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-eighth session of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Plenary. The report provides a summary of the secretariat support to the work of the UN/CEFACT, intersectoral and technical cooperation activities in response to emerging trends for sustainable and digital trade facilitation and strategic goals of the sixty-ninth and seventieth sessions of the Commission.

Document ECE/TRADE/C/CEFACT/2023/3 is submitted to the twenty-ninth session of the UN/CEFACT Plenary for information.

The capacity building activities of the ECE regional adviser have been outlined in a separate document (ECE/TRADE/C/CEFACT/2023/INF.1) to provide a greater level of detail.



I. Introduction

1. The report provides a brief overview of the United Nations Economic Commission for Europe (ECE) secretariat's support to the work of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). UN/CEFACT aims to advance green, inclusive and electronic trade and to support United Nations Member States in their commitment in delivering on the United Nations Sustainable Development Goals (SDGs) and 2030 Agenda for Sustainable Development.

2. Trade facilitation and electronic business play a key role in addressing value chain disruptions and ensuring sustainable and resilient recovery. UN/CEFACT, serviced by the ECE Economic Cooperation and Trade Division (ECTD) has been at the forefront of trade facilitation and digitalization for several decades. UN/CEFACT is uniquely placed to address global and regional challenges, through developing and deploying global standards and digital solutions as well as enhancing traceability and transparency along value chains.

II. Trends in sustainable and digital trade facilitation

3. The COVID-19 induced public health crisis and regional conflicts caused numerous disruptions to value chains. Such disruptions continued to impede global access to goods and services, while resulting in a significant spike in prices and a lasting scar on regional and global economies. As global trade gradually recovers, the objective remains to ensure that this recovery is sustainable and resilient while supporting better preparedness to respond to future economic shocks and supply chain disruptions.

4. The current wave of digitalization and dematerialization is reshaping value chains, leveraging advanced technology to streamline operations and reduce their environmental impact. UN/CEFACT standards and recommendations are playing a pivotal role in this transformation by providing digital solutions, fostering electronic exchange of information and promoting automation. By implementing such standards and recommendations, industries are fostering efficiency, collaboration, and resilience throughout their value chains.

5. At the same time, both governments and companies are increasingly recognizing the importance of sustainability and circularity across the whole value chain. This shift is driven by consumer demand for environmentally friendly and ethical products, that are responsibly sourced and have minimum carbon footprint and waste.

6. The pandemic, the ongoing regional conflict, and the Triple Planetary Crisis (including climate change, biodiversity loss and pollution) have led to further challenges. This is particularly so for the most vulnerable regions, e.g. Central Asia, composed of landlocked countries, is struggling to recover and made even more vulnerable to shocks. "Building back better" and transitioning to a digital, green and circular economy is therefore a priority for the ECE region.

III. Contribution to Economic Commission for Europe strategic goals

7. The seventieth Commission session, held in April 2023, focused on "Digital and green transformations for sustainable development in the ECE region". The session invited subsidiary bodies to replicate and scale up existing approaches to facilitate broad and effective use of appropriate instruments. Member States agreed that that progress could be achieved through capacity-building and knowledge-sharing activities. In response, the secretariat has supported the development of policy recommendations, the update of standards, and knowledge sharing activities. Examples include:

- The ECE Recommendation No. 48: Private Sector Participation in National Trade Facilitation Bodies (NTFBs) (submitted to the twenty-ninth Plenary session of November 2023, for adoption). Bodies such as NTFBs play a driving role in trade facilitation reform, and, as recognised in the Recommendation, can promoting the digital transformations of trade infrastructure and operations in the country;
- The annual release of flagship e-business standards for trade and transport facilitation. This including the UN/EDIFACT directories (D.22B), the United Nations Code for Trade and Transport Locations (UN/LOCODE) directories (2022-2 and 2023-1), the Core Component Library (versions D.22B and D23A), and XML Schema Library (versions D.22B and D23A) and the continuous update of the over 950 UN/CEFACT standards, in collaboration with UN/CEFACT Methodology and Technology Programme Development Area. These interoperable standards allow simple, efficient and digital information exchange, scaling up operations by companies and governments; and
- The high-level conference “Resilience of global supply chains in time of crisis – supporting a sustainable recovery with green and digital solutions”, held on 10 May 2023, at the 40th UN/CEFACT Forum, which was attended by about 400 participants globally.

8. The previous sixty-ninth session of the Commission, held in April 2021, was devoted to “Promoting circular economy and sustainable use of natural resources in the ECE region”. In response to the outcomes of the session, the secretariat has supported inter-governmental processes and the launch of forward-looking standards development projects, including:

- The servicing of the ECE Team of Specialists on Environmental, Social and Governance (ESG) Traceability of Sustainable Value in the Circular Economy. This Team of Specialists has supported the development of policy recommendations and guidance for ESG monitoring and reporting and traceability of ESG products performance along international value chains in critical sectors for the circular transition (i.e. agri-food, critical raw materials, textile and leather);
- The launch of new UN/CEFACT information exchange projects, including:
 - Transparency at Scale: Digital Solutions for Trust, Resilience and Sustainability: Verifiable Credentials in Supply Chains
 - Circular Data Protocol: Use Case and Data Structure supporting Product Circularity for Textile and Leather

IV. Intersectoral activities

9. The secretariat has continued actively supporting intersectoral activities with other sectoral committees and initiatives of ECE.

10. Within ECTD, the secretariat contributed to the deliberations of the Steering Committee on Trade Capacity and Standards (e.g. its session on 26-27 June 2023) to address regulatory and procedural barriers to trade and advance the circular transition in the ECE region. The secretariat also cooperates with the ECTD-serviced Committee on Innovation, Competitiveness and Public Private Partnerships (PPPs), particularly for enhancing the uptake of blockchain and advanced technologies in transition economies of the region (e.g. joint events at upcoming InnoWeek in Uzbekistan in October 2023).

11. Furthermore, the secretariat cooperates with other Divisions, in the context of the ECE Trade and Transport and Sustainable Resource Management nexuses:

- With the Sustainable Transport Division, the secretariat jointly works on the implementation of 14th tranche UNDA project “Sustainable mobility and smart connectivity in Central Asia, the Caucasus and Western Balkans”. In particular, under this project the secretariat updated the United Nations Trade Facilitation Implementation Guide (TFIG), for publication this coming fall. Collaboration continues on transport facilitation (TIR and Harmonization of Frontier Controls of Goods Conventions); road transport (Convention on the Contract for the International Carriage of Goods by Road), and the operationalization of the eCMR (Electronic Consignment Note); and
- With the Environment and Sustainable Energy Divisions, the secretariat provides support with UN/CEFACT tools such as the e-Basel standards (in support of the Basel Convention on the Transboundary Movement of Hazardous Waste), the e-CITES standard (in support of the Convention on International Trade in Endangered Species), the UN/FLUX standard (assisting to combat illegal, unreported and unregulated fishing) and the Traceability and Transparency of Value Chains standard (public access to environmental information. The secretariat also supports the UN Secretary General Working Group on Transforming the Extractive Industries.

V. Technical cooperation activities

12. During this reporting period, the ECE-UN/CEFACT traceability approach and standards, which were adopted in 2021, were tested in blockchain pilot projects with industry partners to develop use cases, tracing products back to their origin and proving sustainability credentials that allow the formulation of substantiated claims regarding fibre content, chemical use, social/environmental performance, animal welfare. ECE finalized 15 blockchain pilots and five are currently ongoing. Together such pilots cover the full spectrum of specific value chains in 23 countries.

13. Significant progress was also made on the Call to Action for Recommendation No. 46: Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear Sector – “The Sustainability Pledge”, adopted in 2021. To date, ECE received over 100 pledges from over 700 industry actors, which demonstrates tangible commitments to advancing the sustainable and circular transformation of the industry.

14. In 2023 the secretariat supported the production of the fifth United Nations Global Survey on Digital and Sustainable Trade Facilitation. Responses from 161 UN Member States and 48 ECE member States were collected in the survey. The survey shows that while global average implementation rate stands at 68.7 per cent, in the ECE region, average trade facilitation implementation increased from 76 per cent in 2021 to 80 per cent in 2023. The implementation rate is highest for those measures that are also included in the World Trade Organization (WTO) Trade Facilitation Agreement (TFA). The results were presented at the joint Regional Commissions event during a virtual global launch in July 2023.

15. The secretariat works with UNDP Uzbekistan to deliver a study on policy and regulatory analysis on blockchain application in Uzbekistan under the joint UNDA 14th project with all United Nations Regional Commissions “Blockchains for facilitating trade and enhancing competitiveness”. The study will propose a roadmap for the development of a comprehensive regulatory and policy roadmap to allow for wider blockchain adoption in Uzbekistan. This roadmap will identify linkages with other trade facilitation policies and propose steps for adaptation of legal and regulatory framework for implementing a blockchain in trade facilitation.

16. The secretariat is responding to capacity building needs for evidence-based policy making for digital and sustainable trade facilitation, with funding received under ECE

Regular Programme of Technical Cooperation (RPTC). The goal is to support the accession to the WTO of targeted beneficiary countries in the Central Asian region. Under the project, a policy brief for Central Asia will be developed with a focus on the three accessing countries Azerbaijan, Uzbekistan and Turkmenistan, to be presented in a regional workshop.

VI. Cooperation with other organizations

17. ECE is part of the Management Group of Memorandum of Understanding on e-Business between the International Organization of Standards (ISO), International Electrotechnical Commission, International Telecommunication Union (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. A webinar in June 2023 explored the significance, anticipated benefits, and challenges associated with semantics and semantic interoperability.

18. In the last year, the UN/CEFACT has experienced a significant rise in attention towards its efforts on dematerialization and the standards it creates:

- The ISO technical committee 154 is working on developing two e-commerce standards, using the UN/CEFACT semantic standards as their foundation.
- The Global Standards 1 (GS1) organization is collaborating to align its ongoing work with the Buy-Ship-Pay Reference Data Model.
- The International Civil Aviation Organization and the International Maritime Organization have sought UN/CEFACT's support in transitioning their processes to digital formats. The secretariat is supporting liaison between these organization and experts of UN/CEFACT.

19. At the global level, the secretariat actively engages with key trade facilitation initiatives, as part of the UN Regional Commissions joint approach for trade facilitation, the WTO Trade Facilitation Agreement Facility, the UNCTAD e-Commerce initiative, and capacity building activities in support of National Trade Facilitation Committees in emerging economies.

20. At the regional level, the secretariat has continued supporting UN/CEFACT cooperation with several European Commission Directorate-Generals (DGs) over the past year:

- ECE participated regularly in the DG MOVE Digital Transport and Logistics Forum (DTLF) subgroup workshops, studying the documentary requirements in transport and logistics and their dematerialization. UN/CEFACT semantic standards are well positioned to assist this group with its data requirements. Two European Union-sponsored projects supporting the DTLF are also directly supported by UN/CEFACT experts;
- The European Union Directorate-General for Taxation and the Customs Union (DG TAXUD) has been very supportive of UN/CEFACT work on recommendations. DG TAXUD and the European Union Member States were active in the revision of Recommendation No. 33¹ on establishing a Single Window, and how this will apply to a Regional European Single Window. The recent UN/CEFACT publication of a cross-border view on the Buy-Ship-Pay reference data models is aimed at assisting linkage between the trade and government sides of a Single Window by aligning semantic names and definitions; and

¹ Single Window Recommendation (ECE/TRADE/352/Rev.1) – 2020 Edition.

- The secretariat is also supporting UN/CEFACT for engaging with the Directorate General for the Environment (DG ENV), Directorate-General for Maritime Affairs and Fisheries (DG MARE), Directorate General for Informatics (DG DIGIT), Directorate-General for International Partnerships (DG INTPA), and Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) on a number of issues, including the work to advance the sustainability and circularity of value chains in European Union Member States and other regions of the world (e.g. critical raw materials, fisheries, textile, transport sectors).

VII. Conclusions and way forward

21. The Inspection and Evaluation Division (IED) of OIOS selected the ‘Economic Cooperation and Integration’ subprogramme for the OIOS Programme Evaluation of UNECE (memo from OIOS dated 17 November 2021). The Evaluation showed that the work of ECTD, where the support to UN/CEFACT is located, was considered aligned with its mandate and

- Largely responded to specific Member States’ requests;
- Had found its niche in a crowded space of trade & economic cooperation, leveraging its comparative advantages towards strengthening economic cooperation and integration;
- Provides a regional platform for international policy dialogue and exchange of best practices among countries in the ECE region;
- Acts as a convening “power”, bringing governments together to build consensus on frameworks, norms, standards & agreements on economic cooperation and trade’; and
- Is seen as a reliable source of technical assistance to specific needs of Member States.

22. 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.

23. Today, the deliverables of UN/CEFACT are needed more than ever, and so is their timely implementation on the ground, facilitated through technical cooperation and capacity building, undertaken in cooperation with partner agencies and respective UN country teams. 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 being landlocked deserves particular attention.

24. The ECE secretariat is therefore calling upon donors and development partners to help mobilize the extra-budgetary funds needed to respond to capacity building and technical assistance needs in the most effective and timely manner.
