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Future challenges in trade facilitation and electronic business

Background paper: facilitating trade to feed the world

Submitted by the secretariat

Summary

This document explains how the standards and recommendations of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) can support the achievement of Sustainable Development Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. Through its contribution to trade facilitation and supply chain optimisation, UN/CEFACT makes international and national logistics more efficient and cost-effective. As a result, the food produced is more likely to reach the market in good condition, be consumed and is less likely to be wasted. In this way, UN/CEFACT makes an important contribution to the eradication of hunger.

This document is presented to the Plenary for information*.

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* This document is submitted in line with the Programme of work of the UN/CEFACT for 2015-2016 ECE/EX/2015/L.14

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1.	With almost a billion people going hungry, it may appear as though hunger is one of the persistent scourges of the world. According to the United Nations Food and Agriculture Organization (FAO), approximately 795 million people are undernourished, of which 780 million live in developing countries.[1] At the same time, numerous studies have demonstrated that there is more than enough food on the planet to feed the entire world population.

2.	The FAO estimates that one-third of the food produced for human consumption is lost or wasted globally; this amounts to about 1.3 billion tons per year.[2] In addition to the food itself, the labour, water, energy and other resources used for its production are also wasted. In view of the growing world population, increasing levels of consumption, and emerging challenges in food production, reduction of food loss is an important factor in the achievement of Sustainable Development Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.[3]

3.	Supply chain inefficiencies that prevent food that is produced from reaching buyers are sometimes overlooked as a key reason for lack of access to food. Such inefficiencies include costly and time-consuming import/export procedures that prevent or reduce access to markets, resulting in perishable goods that rot at borders while awaiting clearance. Indeed, Sustainable Development Goal 2 explicitly targets the elimination of "trade restrictions and distortions in world agricultural markets" to fight hunger and achieve food security.

4.	The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) is focussed on the simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment. The implementation of UN/CEFACT recommendations and standards helps countries to engage in and benefit from global, efficient and cost-effective trade. These benefits include: the economic prosperity and growth needed to eradicate poverty and hunger; more diversity and availability of food in markets; as well as improved economic accessibility to food.

5.	UN/CEFACT's deliverables can help improve efficiency and reduce costs in food supply chains and consequently positively impact global food distribution. Key deliverables that contribute to supply chain optimization include:

• ECE Recommendation 1 on UN Layout Key for Trade Documents, which provides governments, organizations and the business community with a global standard for the design of aligned documents used in trade and transport. The application of this Recommendation has resulted in significant reductions in time and cost for the paperwork involved in moving goods in trade.

• ECE Recommendations 33, 34 and 35 on Single Window, a cross-border facility for lodging standardized information at a single entry point to fulfil the regulatory requirements related to the import, export and transit of goods. The Single Window also provides for border agency cooperation and the harmonization and coordination

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[1] "The State of Food Insecurity in the World 2015", FAO (2015), available at http://www.fao.org/3/a-i4646e/index.html

[2] "Global Food Losses and Food Waste", FAO (2011), available at http://www.fao.org/docrep/014/mb060e/mb060e00.htm

[3] Sustainable Development Goals: At the United Nations Sustainable Development Summit on 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development (A/RES/70/1), which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030. More information available at https://sustainabledevelopment.un.org/sdgs

of inspections – a critical element in the movement of food products through the regulatory process.

- Business Process Analysis (BPA) guidelines and implementation help countries to identify problematic areas that cause delays in moving goods from seller to buyer across borders, such as unnecessary forms and documents as well as non-procedural barriers such as inadequate transport services or infrastructure.

- Standards, models and data formats for Electronic Data Interchange (EDI) along supply chains, such as UN/EDIFACT (UNECE Recommendation 25), a standard for data exchange between public and private entities. Also, specific electronic messages such as: eCROP, which supports "agrifood" traceability; eLAB, a standard for transmitting Laboratory Observation Reports along supply chains; and eCERT, a standard for exchanging information on the certification of traded agricultural products between relevant government regulators.

- The United Nations Code for Trade and Transport Locations (UN/LOCODE) contained in ECE Recommendation 16, which is used extensively throughout the world by the international trade community. UN/LOCODE contains over 100,000 location names and is accessible free of charge on the Internet.[4] Almost any international trade transaction that is conducted today uses UN/LOCODE either in paper documents and/or for the electronic exchange of information.

- ECE Recommendation 18 on Facilitation Measures Related to International Trade Procedures, which provides a rational approach to simplifying international trade procedures.

6.   Simplification, standardization and harmonization of trade procedures and formalities can also help farmers and producers to access local markets, which is where most of a country's food production is sold. Information on grower location, product identification, product coding, product classification, process information and food safety, among others, are of relevance for local as well as international markets. Trade facilitation consists above all in developing supply chain optimization solutions that can be applied to any supply chain regardless of its extent (local, regional, global).

7.   UN/CEFACT's contribution to the reduction of hunger can be summed up as follows:

- UN/CEFACT's trade facilitation and e-business deliverables make trade procedures more efficient, thus contributing to increased trade capacity and economic growth. This strengthens countries' ability to tackle poverty and hunger.

- UN/CEFACT's contribution to the development of sector-specific Business Process Analysis guidelines and its support to countries in undertaking Business Process Analysis helps improve the efficiency and effectiveness of trade operations.

8.   UN/CEFACT's work to promote paperless trade and reduce the cost and time required for trade formalities can result in a reduction in the price of finished goods and an increased variety of products in the marketplace. In the case of food, this means greater accessibility for those with lower incomes. For example, the generation, submission and verification of certificates required in food trade takes time, which is detrimental to perishable goods on their way to market. Hence, UN/CEFACT's work on the standardization of certificates can considerably reduce food waste by accelerating procedures in global food supply chains.

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[4] Available at http://www.unece.org/cefact/locode/welcome.html

9.   Close cooperation with other United Nations bodies, governments, business and non-governmental organizations is important in this work. For example, UN/CEFACT's products and deliverables, such as its Extensible Markup Language (XML) messages for tracking and tracing of products, crop reporting, and the electronic certificates, can provide support for the sustainable agriculture programmes of other organizations, including the International Trade Centre (ITC) and the United Nations Global Compact. At the same time, it is important to note that this work requires adequate financial support – from public-private partnerships, governments or other sources – in order to ensure effective impact.

10.   We also believe that it would be useful to establish an exchange of experiences between countries, particularly low and medium-income countries, on the implementation of trade facilitation in agricultural food chains.