Use of UN/CEFACT trade facilitation standards to streamline formalities & documentary procedures

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Trade Facilitation on the global agenda

What is Trade Facilitation?

“The simplification, standardization and automation of procedures and information flows for cross border trade.”

Drivers: Improved regulation and economic growth

Examples of Trade Facilitation Interventions
- Better border and customs management
- Improving infrastructure
- Open and competitive markets in logistics and service sectors
- Harmonized regional standard

Poverty reduction
What is Trade Facilitation?

TRADE FACILITATION

SIMPLIFICATION
- Process of eliminating all unnecessary elements and duplications in formalities, processes and procedures

HARMONIZATION
- Alignment of national procedures, operations and documents with international conventions, standards and practices

STANDARDIZATION
- Process of developing internationally agreed formats for practices and procedures, documents and information
Formalities & Documentary Procedures and WTO TFA

- **Art. 10.1**  
  Reduction/Limitation of Documentation Requirements

- **Art. 10.2**  
  Acceptance of copies  
  (establishes in 10.2.2 to not request same data multiple times)

- **Art. 10.3**  
  Use of International Standards  
  (UN layout key; UN Trade Data Elements Directory; and the WCO Data Model)

- **Art. 10.4**  
  Single Window  
  (Involvement of all relevant authorities/agencies; use of IT, use of relevant international standards; progressive approach)

1.1 With a view to minimizing the incidence and complexity of import, export, and transit formalities and to decreasing and simplifying... documentation requirements, taking into account the legitimate policy objectives..., each Member shall review such formalities and documentation requirements and ensure that such formalities and documentation requirements are:

(a) adopted and/or applied with a view to a rapid release and clearance of goods, particularly perishable goods;

(b) in a manner that aims at reducing the time and cost of compliance...;

(c) the least trade restrictive measure chosen where alternative measures are available for fulfilling the objectives in question; and

(d) not maintained, if no longer required.

1.2 The Committee shall develop procedures for the sharing by Members of relevant information and best practices, as appropriate.
Objectives

- Simple, transparent and effective processes for global business
- Efficient and automated exchange of information

Outputs

- Global Trade Facilitation and Electronic Business Recommendations and Standards

Means

- Public Private Sector Partnership – over 200 experts from government and business
- Meet virtually every week plus two Forums per year
UNECE Trade Facilitation Pillars

- UNECE Policy Rec.s
- UNECE Standards
- UNECE / UNNEExT Guidelines, Briefs, Case Studies

Capacity Building & Technical assistance
UNECE Trade Facilitation Recommendations

- Rec 1 – UN Layout Key for Trade Documents (recently revised)
- Rec 4 – National Trade Facilitation Bodies (recently revised)
- Rec 6 – Aligned Invoice Layout Key for International Trade
- Rec 8 – Unique Identification Code Methodology – UNIC
- Rec 11 – Documentary Aspects of the Transport of Dangerous Goods
- Rec 12 – Measures to Facilitate Maritime Transport Documents Procedures
- Rec 13 – Facilitation of Identified Legal Problems in Import Clearance Procedures
- Rec 14 – Authentication of Trade Documents (recently revised)
- Rec 15 – Simpler Shipping Marks
- Rec 16 – LOCODE Code for Trade and Transport Locations (currently being revised)
- Rec 18 – Facilitation Measures Related to International Trade Procedures
- Rec 22 – Layout Key for Standard Consignment Instructions
- Rec 25 – Use of the UN Electronic Data Interchange for Administration, Commerce and Transport Standard (UN/EDIFACT)
- Rec 26 – The Commercial Use of Interchange Agreements for Electronic Data Interchange
- Rec 27 – Preshipment Inspection
- Rec 33 – Single Window Recommendation (recently revised)
- Rec 34 – Data Simplification and Standardization for International Trade
- Rec 35 – Establishing a legal framework for international trade Single Window
- Rec 36 – Single Window Interoperability
- Rec 40 – Consultation Approaches
- Rec 41 – Public Private Partnership in Trade Facilitation
- Rec 42 – Trade and Transport Facilitation Monitoring Mechanism
Role of Trade documents

- Trade Documents are the **core means** of exchanging the information
- Goods can not move faster than the information that controls them
- Information is the key to **efficiency of processes**
- .. and to **risk analysis, supply chain management**
Large document volume in global trade

- **UN/CEFACT**: export process average: 27 parties involved, 40+ documents, 300+ copies to manage export processes
- **UNCTAD**: 5 Bio Trade and Transport documents are issued annually
- **US**: Total US international trade documentation annually consumes more than one billion man hours, equal to 600 thousand work years
- **Australia**: 22 Agencies collect the name of the exporter on 118 different forms.. described in 61 different ways
Enquiry Order  Despatch advice  Collection order
Payment order  Letter of credit  Forwarding
Instructions  Forwarder's invoice  Goods receipt
Waybill  Freight invoice  Road consignment note
Manifest  Export licence  Bill of lading
Exchange control doc  Cargo manifest
UN/EDIFACT DE 1001  Phytosanitary certificate
TIR carnnet  Rail consignment note  Veterinary certificate
Goods declaration  Examples of trade documents
Packing note  Certificate of origin  Consular invoice
Dangerous goods declaration  Import/Export licence
Customs delivery note
Examples of trade documents

- Enquiry
- Despatch advice
- Payment order
- Forwarding instructions
- Goods receipt
- Rail consignment note
- TIR carnets

UN/EDIFACT DE 1001 has 700 codes for trade documents
International Supply Chain Model

- **BUY**
  - Establish Contract
  - Order Goods
  - Advise On Delivery
  - Request Payment
  - Packing
  - Inspection
  - Certification
  - Accreditation
  - Warehousing

- **SHIP**
  - Establish Transport Contract
  - Collect, Transport and Deliver Goods
  - Provide Waybills, Goods Receipts, Status reports etc.

- **PAY**
  - Obtain Import/Export Licences etc
  - Provide Customs Declarations
  - Provide Cargo Declaration
  - Apply Trade Security Procedures
  - Clear Goods for Export/Import

**INvolves**

- **Commercial Procedures**
- **Transport Procedures**
- **Regulatory Procedures**
- **Financial Procedures**
  - Provide Credit Rating
  - Provide Insurance
  - Provide Finance
  - Execute Payment
  - Issue Statements

**UN / CEFACCT**
Why Standards for Trade Documents

Since modern global trade…

- takes place in a multi-lingual environment
- touches different legislation of different countries/regions
- involves various and independent parties
- uses complex & redundant trade documents (both in paper & electronic formats) for information exchange

Simplification and Standardization of Trade Documents

automation of trade documents and procedures
Until the 1960s, no standardisation in terms of design, content or layout to trade documents. There was a clear need for a global solution.

1960s: UNECE examines the possibility of reducing, simplifying and standardizing external trade documents. 1963: International model form adopted as a Layout Key.

1960’s and 1970s: UNECE Layout Key introduced by many international organisations and countries worldwide through the work of UNECE, UNCTAD and other organisations.

1978: UNLK Recommendation had gained worldwide acceptance and was re-named as the United Nations Layout Key for Trade Documents.
Why UNLK?

- The lead standard & key instrument for simplification of trade documents

- The UN Layout Key comprises:
  - Standard Layout Key to render information
  - Rules for modification of the standard Layout Key
  - Standards for coded data entries
  - Standard for the semantic of data (UNTDED)
  - A concept to create aligned sets of trade documents
Specifically endorsed in the WCO Revised Kyoto Convention and the WTO TF Agreement

Common basis for the layout of trade-related documents and the information they contain:
- Basis for the EU Single Administrative Document (SAD);
- Endorsed by key international organizations

All data elements in UNLK aligned documents have electronic equivalents in UN/EDIFACT, ebXML, …

Recommendation text is currently being revised and updated
UN Layout Key – General Principles

- Upper left side - consignor, consignee, forwarder etc. and transport details
- Upper right side - commercial data (dates, references, terms of delivery/payment, country of origin etc.)
- Central area - goods details (shipping marks, numbers, packages, goods description, etc.)
- The bottom area - a “free disposal area”
Benefits

▪ Easy to complete – simple, logical and consistent format
▪ Forms derived from the standard can cover the entire transaction
▪ Helpful when completed in a language foreign to the reader
▪ Easier to check, improving the speed and flow information
▪ Less prone to error
▪ Beneficial for automated printing and printing of a series of documents
Use of internationally agreed Code Lists

- Rec 7 Date Formats
- Rec 8 UNIC
- Rec 16 UN/Locode
- Rec 28 Means of Transport
- Rec 19 Mode of Transport
- Rec 21 Package Codes
- Rec 15 Shipping Marks
- Rec 24 Status Codes
- Other UN/EDIFACT Code Lists
- Rec 20 Units of Measurement
- Rec 5 INCOTERMS
- Rec 3 Country Codes
- Rec 9 Currency Code
- Commodity Code
Coded data entry: UN/LOCODE for locations

- There are at least six locations in the world called “Paris”
  
<table>
<thead>
<tr>
<th>Country</th>
<th>State/Province</th>
<th>Code</th>
<th>UN/LOCODE</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>IL</td>
<td>PRP</td>
<td>Paris</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>KY</td>
<td>PZT</td>
<td>Paris</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>TN</td>
<td>PHT</td>
<td>Paris</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>TX</td>
<td>PRX</td>
<td>Paris</td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>ON</td>
<td>PAO</td>
<td>Paris</td>
<td></td>
</tr>
<tr>
<td>FR</td>
<td>75</td>
<td>PAR</td>
<td>Paris</td>
<td></td>
</tr>
</tbody>
</table>

- The Paris in Canada is identified by CAPAO, the Paris in France by FRPAR

- ...just try to send a container to Paris in Canada without a UN/LOCODE
Electronic Document Exchange
XML or UN/EDIFACT

<?xml version="1.0" encoding="UTF-8"?>
<en:Invoice
  xmlns:en="urn:oasis:names:tc:ubl:Invoice:1.0:0.70"
  xsi:schemaLocation="urn:oasis:names:tc:ubl:Invoice:1.0:0.70
  UBL_Library_0p70_Invoice.xsd">
  <cat:ID>token</cat:ID>
  <cat:IssueDate>2003-02-14</cat:IssueDate>
  <cat:TaxPointDate>2003-02-14</cat:TaxPointDate>
  <cat:PartyName>
    <cat:Name>Bills Microdevices</cat:Name>
  </cat:PartyName>
  <cat:BuyerParty>
    <cat:PartyName>
      <cat:Name>Joes Office</cat:Name>
    </cat:PartyName>
  </cat:BuyerParty>
  <cat:InvoiceLine>
    <cat:ID>1</cat:ID>
    <cat:InvoicedQuantity unitCode="token">5</cat:InvoicedQuantity>
    <cat:Item>
      <cat:Description>Pencils, box #2 red</cat:Description>
    </cat:Item>
  </cat:InvoiceLine>
</en:Invoice>
Global Electronic Data Interchange (EDI) standard developed and maintained by the UN/CEFACT

- Standardized representation of semantics
- Concise data format
- Since approximately 1990
- Over 200 messages covering multiple domains. For example:
  - Customs (customs declaration, cargo report, …)
  - Commercial (orders, invoices, remittance advice, …)
  - Transport (Bill of Lading, manifest, …)
  - Logistics (dispatch advice, shipping instruction, inventory report…)
  - Master data (price catalogue, …)
  - Many industries (retail, DIY, container handling, …)
The foundation of the library is the definition of the formats and semantic content of data. Each “Core Component” captures and defines the details of a concrete concept used in business or administration (for example: address).
UN Core Component Library (UN/CCL)

• One of the key deliverables of UN/CEFACT
• Defines all terms related to trade, providing a common semantic content of data and a common format
• Contains over a thousand reusable core components provided in a business context
• Also integrates requirements from other organizations such as the WCO, SWIFT, GS1, CITES, US Government, German Government etc.
• Syntax neutral
• Can be used to develop messages in specific syntaxes such as EDIFACT or XML etc.
Reference Data Model (RDM)

- An abstract model that organizes Business Information Entities (BIEs) and standardizes how they relate to one another and to the real world.
- The model provides a standard means by which data may be described, categorized and also shared.
- An RDM can be employed whenever business information is being shared or exchanged amongst and between enterprises, governmental agencies, and/or other organizations in an open, worldwide environment.
- “an RDM provides a consolidated list of standardized data and processes for use in a particular business domain, which are globally understandable and exchangeable between parties using common standard data exchange structures.”
- RDM users achieve interoperability of business information.
Benefits of Reference Data Model

- Semantic interoperability of data
- Reduction of costs
- Supports of Single Window
- Supports UNLK “Master Form Principle”
- Provides links to the UNTDED
- Supports subsetting of international recommended code lists
- Common basis for code lists
- Syntax neutral
- Common basis for standardizing data
Conclusion

• Excessive trade formalities and documentary procedures create numerous barriers to trade, increase the cost of landed goods - prices for consumers, reduce the competitiveness of companies and exclude some countries from integrating into global value chains.

• To reduce trade costs it is indispensable to use simplified and standardized trade documentation

• The UN/CEFACT develops global trade facilitation and electronic business recommendations, standards and guidelines to bring simple, transparent and effective processes for global businesses, and enhance an efficient and automated exchange of information, therefore helping to reduce costs streamlining trade formalities and documentary procedures.
Welcome to the **Trade Facilitation Implementation Guide**
A tool for simplifying cross-border trade
UN/CEFACT
more information & contacts

All UNECE and UN/CEFACT Recommendations, codes, standards and publications are available for free on our website at:

- [www.unece.org/](http://www.unece.org/)
- [www.unece.org/trade](http://www.unece.org/trade)
- [www.unece.org/cefact/](http://www.unece.org/cefact/)
- [tfig.unece.org](http://tfig.unece.org)
- Lance THOMPSON, Secretary UN/CEFACT
  [lance.thompson@un.org](mailto:lance.thompson@un.org)
Upcoming events of UN/CEFACT

• **UN/CEFACT 34th Forum**
  • 28 October – 1st November, London, UK

Conference on Single Window Implementations, Tuesday 29 October

Conference on Application Programing Interfaces (APIs), Wednesday 30 October
Thank you

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