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**United Nations Centre for Trade Facilitation and Electronic Business
(UN/CEFACT)**

Summary of main activities and developments

Note by the secretariat

This paper highlights the main activities of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) since its sixth session (27 to 30 March 2000).

UN/CEFACT will hold its seventh session in Geneva from 26 to 29 March 2001. If any decisions are made during that meeting, which require the attention of the Committee, an addendum will be issued to this document.

The Committee will be asked to endorse the report of the UN/CEFACT's seventh session (TRADE/CEFACT/2001/35) and to note this document which has been submitted for information.

The report of the seventh session and other documents are available at the following website address: <http://www.unece.org/cefact/>

1. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) held its sixth session from 27 to 30 March 2000 and its seventh session from 26 to 29 March 2001.

2. UN/CEFACT has the following 6 permanent working groups:

BPAWG	Business Process Analysis Working Group
CDWG	Codes Working Group
EWG	UN/EDIFACT Working Group
ITPWG	International Trade Procedures Working Group
LWG	Legal Working Group
TMWG	Techniques and Methodologies Working Group.

3. UN/CEFACT, together with the Organization for the Advancement of Structured Information Standards (OASIS), has developed the Electronic Business XML (ebXML) initiative – a project whose objective is to develop a set of specifications that will enable a modular electronic business framework for exchanging information.

4. All the groups have advanced with their work programmes and are generating significant results.

5. It is expected that the 2001 UN/CEFACT Plenary will adopt the following deliverables from the ITPWG:

- Addendum to Recommendation 1: *the UN Layout Key for Trade Documents*, containing the explicit text of the recommended measures;
- An informative annex (guidelines) to Recommendation 1 with an addendum containing aligned sample forms showing the implementation of this Recommendation;
- New version of the Compendium of Trade Facilitation Recommendations: a comprehensive compilation of excerpts of Trade Facilitation Recommendations developed by various international organizations throughout the world.;
- Revised version of Recommendation 18: *Facilitation Measures related to International Trade Procedures*, which is an umbrella Recommendation for all other UN/CEFACT Recommendations on trade facilitation.

6. The ITPWG organized a workshop from 2 - 3 April 2001, in order to identify existing barriers to trade and possible contributions that the ITPWG could make to their elimination. The following Recommendations are on the list for revision by the ITPWG: Recommendation No. 11 (Trade in Goods) and Recommendation No. 12 (Transport Documents). The ITPWG is also planning to prepare a Trade Facilitation Index. In addition, a sub-group was created during the ITPWG meeting in December 2000 in order to analyse various national initiatives for the single window lodgement of trade information and to identify possible further work on unique reference codes.

7. The EWG continues to develop UN/EDIFACT messages and sees increasing interest from customers, as evidenced by the growing number of participants at EWG meetings in September 2000. UN/EDIFACT is the only global and internationally recognized standard for electronic business, especially for Business-to-Business (B2B) and Business-to-Government (B2G) applications. It is installed worldwide in over 500,000 enterprises, which use 250 types of messages in fields ranging from health to transportation. UN/EDIFACT has a proven record of success because of global coverage and cost effectiveness. The two EWG meetings (in March and September 2000) continued maintaining the standard, and took decisions on new messages. They continued maintaining the UN/EDIFACT directories by issuing Directory Maintenance Requests (DMR). The UN/ECE then processed the DMRs free of charge.

8. The EWG has recognized the need to make a bridge to new information and communication technologies, especially with regard to XML. To do so, the EWG has decided to join forces with ANSI X12, which has a long record in developing e-business standards in the United States. The EWG is also discussing with the International Organization for Standardization (ISO) the possibility of reviewing the Trade Data Elements Directory (TD ED) with reference to new technological developments. This approach to the Internet will increase the capacity of small and medium-sized enterprises in developing and transition economies to do business on the global marketplace. The UN/ECE supported the EWG work for the adaptation of information and communication technology to the needs of developing and transition economies.

9. The LWG has prepared the two most recent UN/ECE Trade Facilitation Recommendations: Recommendation 31: *The Electronic Commerce Agreement*, which was adopted in 2000, and the new Recommendation 32: *E-Commerce Self-Regulatory Instruments (Codes of Conduct)*, adopted in 2001. The new Recommendation, based on a Model Code of Conduct developed by the Electronic Platform Netherlands, proposes an alternative solution for the regulation of e-commerce. Adopting a Code of Conduct would benefit the reputation of parties involved in electronic trade transactions. Other items on the work programme of the LWG are: criteria for cross-border recognition of electronic signatures (the Group is considering the preparation of a deliverable on this issue); model Certification Authority terms (the LWG Chair, Mr. Rob van Esch, is collecting legal paragraphs, certification policies and terms and conditions for Certification Authorities); and Alternative Dispute Resolution (ADR) in electronic commerce.

10. The LWG is also working on strengthening its regional network of subgroups: the Asian (AFACT) Legal Working Group and the North American (NAFACT) Legal Working Group.

11. The BPAWG continued its work on the constantly evolving Model of the International Supply Chain. The BPAWG looked at the relationship of its *Buy, Ship, Pay* vision of the international supply chain revealed in the model and work done by other organizations. The BPAWG broadened its cooperation with the sub-groups under the EDIFACT Working Group. The BPAWG has a top-level view which encapsulates the UN/CEFACT life cycle and identifies many processes which would need to be modelled by sub-groups under the EWG. The BPAWG is incorporating all of the use cases, which it has prepared to date, in a model based on Rational Rose

software, in order to allow a repository of data to be created and used by other modellers.

12. Further, UN/CEFACT approved two revised Recommendations on codes: Recommendation 19: *Codes for Modes of Transport*, and Recommendation 20: *Codes for Units of Measure Used in International Trade*. The seventh session of UN/CEFACT also approved a new Recommendation submitted by the CDWG: Recommendation 28: *Codes for Types of Means of Transport*. The LOCODE group prepared a new version of the LOCODE that includes 2400 new codes for locations around the world.

13. The TMWG has finished the preparation of its N090 document defining the modelling methodology to be used by UN/CEFACT. The N090 document will be published as a CD ROM. It is a complex, technical document of about 200 pages consisting of 20 word files, covering 7 chapters and 11 annexes. Simpl-eb, produced by e-centre^{uk}, became an “optional” annex to N090. The TMWG will prepare a lexicon and two companion documents on how to use N090. The TMWG also prepared a summary paper for the UN/CEFACT Plenary, which highlights the important features of the N090 document (TRADE/CEFACT/2000/CRP.5).

14. The UN/CEFACT Plenary in March 2001 endorsed the document TRADE/CEFACT/2001/30 *Inter-Sessional Approval of Documents*. This document took into account the comments at the March 2000 session and went through the procedure of inter-sessional approval. It was thus provisionally approved on 22 August 2000, and, under the procedure outlined therein, was endorsed by the 2001 Plenary.

15. UN/CEFACT and the Organization for the Advancement of Structured Information Standards (OASIS) have successfully cooperated in establishing (in late 1999) and carrying out the ebXML international initiative. ebXML has fulfilled its mandate to undertake an 18-month programme of research and identification of the technical basis upon which the global implementation of XML (Extensible Markup Language) can be standardized. Microsoft joined the initiative in early 2001. The goal of ebXML is to facilitate open trade between organizations regardless of size by enabling XML to be used in a consistent manner to exchange electronic business data.

16. At the ebXML meeting in Vancouver, Canada, more than 350 participants from Asia, Australia, Europe and North America approved the ebXML Technical Architecture Specification, which serves as a roadmap to ebXML and provides the foundation for all other ebXML specifications. The ebXML Technical Architecture Specification defines the relationships, interactions and basic functionality of ebXML specifications, including those involving core components, business processes, registry & repository, messaging services, trading partner agreements and security. In addition, the Technical Architecture Specification provides an ebXML use case scenario and conformity guidelines. Developers and all interested parties are encouraged to review the ebXML Technical Architecture Specification at http://www.ebxml.org/specdrafts/approved_specs.htm.

17. In March 2001 the UN/CEFACT Plenary adopted a new strategy for electronic business and the development of new standards. It includes a forward financial strategy for the work of UN/CEFACT (comprising the use of contributions in kind and extrabudgetary funds for secretariat resources in accordance with UN rules)

and proposes ways to build upon the success of the ebXML initiative.

18. The Memorandum of Understanding (MoU) between UN/ECE, the International Telecommunication Union (ITU), the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) continues to be of significant value to UN/CEFACT. In addition to the four signatories, CALS International and NATO CALS participate in the implementation of the MoU as registered international user groups. The participating organizations in the MoU carried out a Business Object Summit in November 2000. This meeting established the basis for defining business objects; it recognized a sequence of potential steps for the development of business objects by the different standard-setting organizations; it urged for the recognition of proven solutions as standards; it identified principles for the development of a repository of business objects; and, finally, it outlined steps for further action.

19. During 2000, UN/CEFACT expanded its cooperation with other international bodies. The secretariats of UN/ECE, the United Nations Conference on Trade and Development (UNCTAD), and the International Trade Centre (ITC) hold regular meetings for information and coordination of their activities. In the framework of the International Trade Procedures Working Group, cooperation with the United Nations Conference on Trade and Development (UNCTAD), the World Bank, ICC, FIATA and other organizations has been particularly fruitful. The Trade Division of UN/ECE, in cooperation with two other United Nations regional commissions, the Economic and Social Commission for Western Asia (ESCWA) and the Economic and Social Commission for Asia and the Pacific (ESCAP), launched a joint project based on a web site from which users around the world may download free of charge trade documents in electronic format. The UN/ECE secretariat maintained excellent relations with the secretariat of the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD) and the World Customs Organization (WCO).

20. The UN/ECE has decided to extend the practice of signing MoUs with other standard-setting organizations. A very positive development was the preparation of an MoU with the WCO. The UN/ECE secretariat and UN/CEFACT are now studying the possibility of developing an MoU with the International Chamber of Commerce (ICC).

21. UN/CEFACT is aware of the need to promote its work to as wide an audience as possible. One way of doing that is to invite more non-governmental organizations to participate in its work. UN/CEFACT has developed the ebXML initiative jointly with OASIS. UN/ECE and UN/CEFACT have an outstanding record of cooperation with the ICC, the ITPWG and other working groups cooperate with International Federation of Freight Forwarding Associations (FIATA), International Air Transport Association (IATA), International Road Transport Union (IRU) and other organizations.

22. As part of its awareness and education efforts, UN/CEFACT organized a second annual UN/CEFACT Conference under the title "Accelerating Global Trade through Effective E-Business" in conjunction with the plenary meeting in March 2001, targeted to the international community in Geneva and UN/CEFACT delegations.

23. The UN/CEFACT Plenary discussed a paper (TRADE/CEFACT/2001/27), written by the Secretariat, on the current aspects and problems of trade facilitation in the transition economies. The paper invited UN/CEFACT to identify new means of facilitating trade in countries in transition and to assist these countries in defining solutions to the problems in this field. The paper also highlighted the importance of the mission of the UN/ECE Regional Adviser for Trade Facilitation in providing guidance and advice on the implementation of international trade facilitation standards in the transition economies. It was also noted that more field work was necessary in order to add value to trade facilitation in the transition economies.

24. The Committee for Trade, Industry and Enterprise Development is asked to endorse the report of the seventh session of UN/CEFACT held in March 2001, as contained in document TRADE/CEFACT/2001/35.

25. Facilitating international trade processes and business requires interaction among several elements, including simplification of trade procedures, harmonization of transport and environmental measures, as well as examining the best methods for transmitting data. In this context, UN/CEFACT analyses the use of electronic commerce and information technologies in order to develop recommendations on best business practices, methodologies and tools. UN/CEFACT believes that there is a possibility for cooperation with the Group of Specialists on Internet Enterprise Development, especially in the use of the results of the work on ebXML in small and medium-sized enterprises in the transition economies.

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