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### Centre for Trade Facilitation and Electronic Business

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#### Matters arising since the twenty-sixth session

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#### Submitted by the UNECE secretariat

#### *Summary*

This is the United Nations Economic Commission for Europe (UNECE) secretariat report on matters arising since the twenty-sixth session. This document provides a summary of selected areas of work carried out by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and the UNECE secretariat. The review is organized under four key themes, which have come to the forefront of policy attention, due to the COVID-19 pandemic: digitalization and dematerialization; sustainable value chains; new technologies; and capacity building. The work of the Regional Advisor is presented to the Plenary under a separate document.

Document ECE/TRADE/C/CEFACT/2021/3 is submitted by the UNECE secretariat to the twenty-seventh UN/CEFACT Plenary for information.



## I. Introduction

1. The year 2020 has been marked by the COVID-19 pandemic, the reorganization of processes to accommodate to this new reality and efforts to build back better towards a sustainable, resilient and inclusive recovery that leaves no one behind. Trade facilitation and electronic business can play a key role in the trade-related aspects of these efforts which are led within the UNECE by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT).

2. Facilitating trade and ensuring that goods continue to move is key to maintaining or restoring growth to economies around the world to enable countries to pursue essential programs like the 2030 Agenda for Sustainable Development. During 2020, the UN/CEFACT and its secretariat have focused on four key themes which support the efforts related to this pandemic:

- Digitalization and dematerialization;
- Sustainable value chains;
- Advanced technologies; and
- Capacity building.

## II. Digitalization and dematerialization

3. After nearly a year of COVID-19 and the restrictions that this has caused not only on personal movement but also on trade, the objective now is to build back better. Electronic exchange of information is a key component of this; the majority of dematerialization projects today are directly related to a reaction to the pandemic. However, in this transition to more electronic processes, we should not lose sight of the potential of rethinking the underlying processes. It is not just about taking a paper document and making an electronic equivalent. It is also about rethinking the process and evaluating if the information requested is necessary, if it can be inferred by other information already available, and what is the relationship of the underlying process to other related processes.

4. The United Nations Centre for Trade Facilitation and Electronic Business already provides a wide range of tools that can help in this effort:

- The Buy-Ship-Pay model allows to harmonize each individual step on the international supply chain into the larger picture in order to ensure interoperability at all levels based on the very robust semantic Core Component Library;
- The Reference Data Models allow to use subsets of the library for specific sectors of activities (commercial, transport/logistics, and others to come) in order to have a comprehensive data model which will remain interoperable with the rest of the supply chain;
- There are already hundreds of e-business standards and code lists which are available and ready to use, all aligned to this semantic base and interoperable between each other; and
- And there are specific projects which directly relate to building back better such as the Pandemic Crisis White Paper, the Smart Container e-business standard, the Supply Chain Track and Trace project.

5. Over the past year, UN/CEFACT has seen a peak in interest for its work on dematerialization and the standards it produces. The European Union DG MOVE's Digital Transport and Logistics Forum have indicated that it will adopt the Multi-Modal Transport

Reference Data Model as the semantic base of its future work. The International Organization of Standards (ISO) technical committee 154 will develop two standards related to e-commerce, both using the UN/CEFACT semantic standards as its base. The Core Component Technical Specification version 2.01 (also published as ISO 15000-5) has become a horizontal standard within ISO for the development of any electronic message in any of ISO's Technical Committees. The Global Standards-1 (GS1) have actively engaged in order to harmonize their ongoing work with the Buy-Ship-Pay Reference Data Model. The International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) have both sought the assistance of UN/CEFACT to dematerialize their processes.

### **III. Sustainable value chains**

6. 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.

#### **A. Agriculture**

7. The Covid-19 pandemic showed the importance of automated, regulatory controls in cross-border trade of agriculture produce and wildlife. Harmonizing and dematerializing these procedures based on international standards reduce opportunities for documentary fraud and allow governments to establish risk-based clearance processes. This involves several levels of governance in data exchange such as the authentication of stakeholders and signatures, the documentation of processes, an agreement on standard operating procedures, the synchronization of message exchanges and inter-governmental agreements.

8. The United Nations Centre for Trade Facilitation and Electronic Business directly contributes to this in at least three ways. First, UN/CEFACT has developed a number of e-business standards such as its eCert and eQuality standards and has been working in the past year on further electronic certificates all based on its clear semantic base, harmonizing the processes across the entire supply chain. Second, UN/CEFACT provides guidance on key governance issues building upon its long experience on Single Window implementation and Trade Facilitation Roadmaps. UN/CEFACT also produces guidance on the use of its standard such as the Guideline for the eCert standard which is circulated for Public Review at the time of writing and will be completed prior to the Plenary.

9. The secretariat has been piloting a number of cooperation activities throughout 2020 and into 2021, especially on the electronic exchange of CITES Permits. It plans a guide on the topic in 2021 building upon cooperation established with Switzerland and the EC TRACES eCITES project team to develop guidelines for exchange of electronic CITES permits between non-EU member administrations and the EU Hub. It has been exchanging with UNESCAP with the objective of creating a Task Force on CITES electronic permit information exchange pilots. It is envisaged that this task force will enable governments to exchange experiences in implementing electronic CITES trade control systems, initiate projects, synchronize national developments and identify gaps in capacity building and standards development.

## **B. Garment and footwear**

10. 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 in support of electronic information exchange in the agri-food and fishery value chains, UN/CEFACT is currently working on a framework initiative for “Enhancing the transparency and traceability sustainable value chains in the garment and footwear industry”. This initiative is jointly implemented with the International Trade Centre (ITC) and the International Labor Organization (ILO), with funding of the European Union.

11. Since its launch in September 2019, a set of tools are being developed, including a policy recommendation and implementation guidelines, technical standards for electronic information exchange, and a call to action to facilitate the uptake of project deliverables and the exchange of good practices and lessons learned. The goal is to provide companies with a harmonized and standardized approach to exchange data about the sustainability performance of products, processes and facilities, to ensure that the actors involved throughout the value chain speak the same language, and that sustainability claims are reliable.

12. 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 pilot focusing on the cotton value chain, involving farmers, manufacturers, brands, academia and certifications bodies, from Germany, Egypt, Italy, the United-Kingdom and Switzerland. While specifically developed for the garment and footwear industry, such internationally agreed practices for advancing traceability and transparency can have wider application to cross-industry value chains, including in key sectors for the circular economy.

## **IV. Advanced technologies**

13. The COVID-19 pandemic, and related teleworking, have turned the use of advanced technologies into a major aspect of the modern business environment. The UN/CEFACT Advisory Group on Advanced Technologies (AGAT) established recommendations on the role of advanced technologies in overcoming disruptions in international trade caused by the pandemic. The use of UN/CEFACT standards contributes to the implementation of digital platforms to facilitate trade flows, the development of digital products to counter limited staff capacities and the enhancement of international cross-border interoperability. The AGAT created a discussion platform for experts and interested parties to share their insights on interoperability, digital platforms and products that minimize COVID-19 trade disruptions through advanced technologies.

14. Advanced technologies can also assist countries to move from a linear to a more circular economy. A recent AGAT meeting brought together experts to discuss how advanced technologies can support activities within the circular economy concept, providing concrete use cases outlined in the second session meeting report for consideration of the twenty-seventh Plenary.

## **V. Capacity building**

15. Implementing trade facilitation reforms and international best practices remains a challenge for many countries around the world. The UNECE 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 current pandemic, this becomes even more critical as many countries are faced with economic difficulties due to disruptions in supply and demand, all well as barriers to trade and global supply chains in general.

16. Over the past year, the secretariat has further supported the implementation of the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA), notably in the four target countries under its 11<sup>th</sup> Tranche United Nations Development Account project (Georgia, Kazakhstan, the Republic of North Macedonia, Ukraine). As part of this project, the secretariat is conducting a business process analysis (BPA) to be delivered in 2021, to streamline and reduce unnecessary red tapes for the exportation of a major Georgian product yet to be determined.

17. The secretariat supported the Kyrgyz Republic in kickstarting multiple trade facilitation measures aimed at implementation of the WTO TFA as well as building back better from the COVID-19 pandemic through these measures. A draft National Trade Facilitation Roadmap, 2021-2025 which details a vision, goals and priority activities, has been presented to the National Trade Facilitation Council of the Kyrgyz Republic. Many of these activities will help implementation of category C measures of the TFA. In addition, the secretariat developed BPA studies on export of textile products and import of pharmaceuticals in the Kyrgyz Republic.

18. The secretariat has been developing training material to assist target countries within its region to fulfil their requirements under the WTO TFA; three of these training materials are presented to this Plenary session. A fourth training material on streamlining formalities and documentary requirements (WTO TFA article 10.1) was presented in 2019 and was successfully piloted a webinar on customs transit in Georgia.

19. As part of the Joint United Nations Regional Commission's Approach to Trade Facilitation, the secretariat is conducting the fourth Global Survey on Digital and Sustainable Trade Facilitation 2021, to collect relevant data and information from the UNECE member States. The survey assesses implementation progress of the WTO TFA articles as well digital and sustainable trade facilitation measures, biennially.

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