Expanding the Horizons of MSMEs in International Trade: Role of eService Platforms

Standardization in promoting cross-border e-services for MSMEs

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E-Commerce: definition

• online-initiation; cross-border transaction/shipment; and destined to consumers (commercial and non-commercial)

• Diverging definitions on what is e-commerce:
  • UNCTAD & WTO definition potentially includes all electronic transactions as e-commerce
  • UN/CEFACT & WCO definition limits the scope to transactions which are initiated on line
Process of e-Commerce
Example of choreography of exchanges

1. Party orders from an online platform
2. Party requests a payment on line
3. Financial institute confirms payment
4. Platform requests shipment from warehouse
5. Warehouse provides delivery instructions
6. Agent performs clearance processes
7. Product is delivered to party who ordered it
Actors involved in eCommerce

- Party Initiating the Purchase
- eCommerce Platform
- Payment Platform
- Warehouse
- Transport Company
- Agent for Clearance
- Customs
- Border Security
- Regulatory Agencies for Clearance
- Health & Safety
- Agriculture
- Health & Safety
- Agriculture
Party initiating the purchase

- Individual consumer
- Big Corporation
- MSME
Need for international standards
E-Commerce and E-Business

E-Commerce

User → Platform → Payment → DTI

E-Business

Warehouse → Shipping agent → Clearance → EDI

Shipment sent to customer
E-Commerce and E-Business

• Traditional e-Business transactions will usually be a full container load OR will be regrouped with other shipments and presented as a full container load to regulatory authorities.

• E-Commerce has resulted in an explosion of small parcels being shipped separately.
  • Increase in volume
  • Often a decrease in value
What IT standards?

The initial e-Commerce transaction

• The DTI initiation of the transaction is an on-line website.
  • There could be benefits to suggesting harmonization of portals…
  • Ultimately this is a B2B and marketing decision

• The Payment is often on-line
  • Security standards and protocols are necessary
What IT standards?

The resulting e-Business transactions

• Instructions provided to warehouses
  • B2B transaction, using traditional e-Business standards

• Instructions provided to transport companies
  • B2B transaction, using traditional e-Business standards

• Transfer of information from platforms to agents for regulatory purposes
  • B2B transaction, using traditional e-Business standards
What IT standards?

The resulting e-Business transactions

• Regulatory declarations from agent to government agency (agencies)
  • Must comply with national regulations (different from country to country)
  • May involve a number of different agencies
    • Customs
    • Border Security
    • Health and Safety
    • Agriculture
    • Standards & Norms
    • …
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 400 experts from government and business
• Meet virtually every week plus two Forums per year

Global Remit
International Supply Chain Model

ININVOLVES

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
- Provide Credit Rating
- Provide Insurance
- Provide Finance
- Execute Payment
- Issue Statements
UN/CEFACT Semantic Hub principle

Benefits of UN/CEFACT Semantic Models

• Standardized data exchange syntax-neutral structures, based on common Master data exchange structure

• The support of information sharing, such as enabled by data pipelines, with the timely capture of quality data from original data sources ensuring supply chain visibility

• Reduction of administrative burden by efficient reuse of data shared within the BUY SHIP PAY domain model

• Common basis for implementing in chosen data exchange syntax(es)
UN/CEFACT Semantic Hub principle

Some UN/CEFACT tools:

• UN/CEFACT Core Component Library
• UN/CEFACT Business Requirement Specifications
• UN Code Lists (UN Recommendations and UN/EDIFACT)
• UN/EDIFACT (syntax)
• UN/CEFACT XML (syntax)
• UN Recommendations
UN/CEFACT
Process driven approach

UN/CEFACT evolution

• From Document centric to Process driven artefacts
  (*Contextualized Business Artefacts*)

• Supports Document centric & Process driven workflows

• Standardized syntax-neutral data exchange structures, based on common Master data exchange structure
  (*from which complete documents and/or snippets of documents can be created in any chosen syntax e.g. XML, JSON or UN/EDIFACT etc.*)
Example of code lists developed and/or maintained by UN/CEFACT

Rec 16 UN/LOCODE
Rec 28 Means of Transport
Rec 19 Mode of Transport
Rec 21 Package Codes
Rec 15 Shipping Marks
Rec 7 Date Formats
Rec 8 UNIC
Rec 5 INCOTERMS
Rec 3 Country Codes
Rec 9 Currency Code
Rec 20 Units of Measurement
Rec 24 Status Codes
Other EDIFACT Code Lists
Importance of standards for MSMEs

• Use of standards across borders facilitates trade

• Availability of standards openly and free-of-charge allows MSMEs to benefit

• Possibility for MSMEs to participate in the development of standards free-of-charge allows them to ensure their needs are represented in the standards
Thank you

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