



# Economic and Social Council

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## Economic Commission for Europe

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### Centre for Trade Facilitation and Electronic Business

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#### Recommendations and standards:

#### Implementation support material

## Executive Guide on Electronic Commerce

### *Summary*

This document provides an executive guide to the work of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) in regard to Electronic Commerce – transactions between buyer and seller initiated on an online platform. Many of UN/CEFACT's existing standards can apply to this business process as outlined in this short guide.

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## I. Introduction

1. The electronic exchange of data for commercial transactions has taken several names: eTrade, eBusiness, and eCommerce. These terms are often used interchangeably. However, the United Nations Centre for Trade Facilitation and Electronic Business, which has worked on the base semantics of data exchange for over three decades, has proposed some clarity in this area.

2. In this context, eCommerce is a commercial transaction between a buyer and seller which is initiated on an online platform. These two actors could be either economic operators (companies) or direct consumers. The online interaction is the eCommerce aspect. Computer-to-computer interactions would be considered eBusiness exchanges. These two terms are therefore not interchangeable—but complementary—as the online purchase of a product will often trigger eBusiness data transactions.

3. For example, a consumer purchases a table on an internet website. The actual purchase and payment are performed through one (or more) internet website(s). Once the company receives the order, they may need to send a series of messages to other actors in the supply chain such as shipping instructions to the warehouse, a reservation of transport with a freight forwarder, and other actors in the supply chain may need to send messages such as detailed export/import declarations and potentially other regulatory declarations. These subsequent messages, if electronic, would be considered eBusiness as they would be computer-to-computer.

## II. Application

4. eCommerce, or online shopping, is certainly changing the business environment. It is resulting in a redistribution of the actors in the supply chain as certain intermediary professions are being eliminated; the services that these intermediaries once performed must be compensated for. In a traditional high-street approach to retail, a central purchasing office would group orders and ship them as container loads to distributors in the consuming country. With the elimination of these two intermediaries, there has been an explosion of small packages that are not regrouped for transportation, causing challenges to the transport industry. The regulatory declarations are no longer being performed by a consignee at destination, but often need to be performed by the consumer themselves, or by the transport companies on their behalf. This results in a large number of individual declarations for regulatory agencies as opposed to the regrouped declarations of the past.

5. There is a call to develop new standards for eCommerce. It is clear that standard procedures for the above-mentioned challenges would be beneficial. It might be possible to propose standard templates for online retail websites or payments services. However, as far as electronic message exchange standards are concerned, these could be covered by existing electronic business standards. As demonstrated above, the initial online sale would result in traditional computer-to-computer exchanges of information. Perhaps some new elements need to be taken into consideration in these messages, but, at this moment, it does not seem necessary to start from zero.

## III. Benefits

6. By using existing UN/CEFACT semantic standards, these data exchanges would be interoperable with all existing standard messages in all activity sectors and should be semantically compatible with all standards developed by other organizations referencing UN/CEFACT semantics.

## **IV. More information**

<http://www.unece.org/cefact>

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