UNITED
NATIONS

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Economic and Social
Council

Distr.
RESTRICTED

TRADE/WP.4/R.1271
6 February 1997

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON THE DEVELOPMENT OF TRADE

Working Party on Facilitation of
International Trade Procedures

Meeting of Experts on Procedures and
Documentation (GE.2)
(Fifty-fifth session, 18-19 March 1997
Item 3 of the provisional agenda)

ANALYSIS OF THE INTERNATIONAL TRADE TRANSACTION [031]

Report of the Steering group on International Trade Transaction
(ITT) Modelling

(Item 1.3.1 of the Programme of work)

Transmitted on behalf of the Steering group
by the Convenor*

This document contains the proposal for the establishment of the CEFACT Permanent Working Group on the International Trade Transaction (ITT). The Meeting of Experts is invited to take a decision on the subject.

* The present document is reproduced in the form in which it was received by the secretariat.

GE.97-

REPORT FROM THE MAINTENANCE AGENCY'S STEERING GROUP FOR THE MODELLING OF THE INTERNATIONAL TRADE TRANSACTION (ITT)

1. A meeting of the Steering group of the Maintenance Agency for the Modelling of the International Trade Transaction (ITT) took place in Geneva, under the Chairmanship of its Convenor, Mr. D. Dima (Romania), on 4-8 November 1996.

2. The meeting was attended by Mr. R. Battersby (United Kingdom, SITPRO), Ms. M. Brewster (United Kingdom, SITPRO), Mr. D. Hill (ISO, BSR Production Team Project Manager), Mr. T. Buchmann (Germany, DE-PRO), Mr. F. Vuilleumier (Switzerland, SWISSPRO), Mr. N. Mostofi (Iran, Rahbar Informatic Services), Mr. H. Hansell (ECE Trade Facilitation Section), Mr. E. Smirnov (ECE Trade Facilitation Section), Ms. V. Cram-Martos (ECE Trade Facilitation Section), Mr. J. Kubler (ECE Trade Facilitation Section), Mr. W. Keenan (ECE Trade Facilitation Regional Advisor), Mr. D. Choi (ECE Trade Policy Section).

3. The provisional agenda for the meeting was approved.

Item 1 - Preparation of the updated Mandate, Programme of work, Terms of Reference and other documentation which is necessary for conversion of the ITT Modelling Steering Group in a Permanent CEFACT Working group at the March '97 session of CEFACT

4. All the participants underlined the importance of the ITT Modelling activities for the work in international trade facilitation. In the discussion, it was noted that the current body on this subject should be transformed in a Permanent CEFACT group at the first session of CEFACT in March 1997, and all the necessary documentation should be ready before that event.

5. The documentation for the establishment of the Permanent Working Group should be based on the facts that the ITT Model was an excellent tool to facilitate international trade, to make the trade facilitation work transparent and to match the needs of governmental and private sectors.

6. In accordance with the requirements contained in document TRADE/R.650, Recommendations for the Establishment of CEFACT, for Mandates (the agreements between the CEFACT Plenary and the CEFACT Working Group on overall objectives (scope and purpose), key deliverables and delegated responsibilities), the Meeting prepared the draft Mandate (Annex I) to set up the CEFACT Working Party on the International Trade Transaction.

7. The meeting drafted a work programme (Annex II) for activities related to the development of the ITT Models.

Item 2 - Exchange of information on the development of electronic ITT models at the various meetings since the 44th session of WP.4 in September 1996

8. The ECE Trade Facilitation Regional Advisor informed the Meeting of the results of his missions to the United Kingdom, the Russian Federation and India.

9. The Convenor informed the Meeting on the implementation of the Master Model in Romania. Some differences have been indicated. They might be resolved at national and international levels.

10. Mr. R. Battersby (SITPRO) introduced the new version of ITT narrative to be placed on the appropriate WEB page.

11. Mr. E. Smirnov (ECE/WP.4) gave details on his mission to the session of the WCO Working Party on the revision of the Kyoto Convention and the development of the Customs Model.

12. Mr. T. Buchmann (DE-PRO) explained the situation with the development of models in Germany.

13. Mr. N. Mostafi (Rahbar Informatic Services) stated that the ITT Modelling activity was important for the Asian region. He underlined the linkage between the ITT Modelling and the UN/EDIFACT development.

14. The Convenor concluded the discussion and noted that the development of an International Convention on Best Practices in International Trade might be an issue from the ITT Modelling work.

Item 3 - ITT Modelling Guidelines and introduction of the ITT modelling documentation in the World Wide Web Network

3.1 GRADE and IDEF Methods

15. Mr. T. Buchmann gave the latest information on the development of the GRADE software (now, version 3.0). In relation to the IDEF Method, he proposed to compare both methods. He also noted that IDEF had some restrictive requirements.

16. Finally, it was proposed to request the Siemens-Nixdorf company to grant 15-20 licences free of charge to promote the use of the GRADE method for the CEFACT participants and to explore the possibility to arrange a training course on the method in the framework of the first session of CEFACT in March 1997.

17. The meeting agreed, in principle, to consider the maintenance of ITT Models in two versions (in GRADE and IDEF).

18. The meeting noted the work of the ECE Regional Adviser on trade facilitation to maintain the information on ITT Modelling on the Internet/World Wide Web Network.

Item 4 - Development of the electronic ITT models

19. The Convenor reminded some outstanding issues to be completed in the forthcoming months: the development of the Transport stage of the Master ITT Model, the introduction of the ITT narrative on the Web page and the development of the international trade documents list.

20. In respect of the Transport stage, it was decided to introduce in the ITT Master Model the stage developed by the delegation of Romania.

21. The Meeting noted that the introduction of the ITT narrative on the Web page would be carried out by the ECE Trade Facilitation Advisor on Trade Facilitation.

22. The meeting also noted that the list of trade documents would be prepared by the delegation of Romania.

23. The Meeting developed a diagram showing the general systematic approach to the development of the ITT electronic models (Annex IV). The Meeting considered that this approach was suitable for programming future CEFACT activities.

24. An additional meeting of the members of the Steering Group took place on 29-31 January 1997 under chairmanship of Mr. R. Battersby.

25. This additional meeting developed the draft Terms of reference of the ITT Working Group (Annex III).

Annex I

Draft Mandate of the International Trade Transaction (ITT) Permanent CEFACT Working Group (the ITT Group)

INTRODUCTION

Optimum benefits from the global free trading of the year 2010 will only be achieved when the international trade standardization process (i.e. the diminution of Non-Tariff Barriers, NTB), moves away from transaction based controls. It needs to be based on trade audit principles linked to risk assessment with the progressive use of information and communication technologies. The Group recommends to CEFACT that everything possible be done to achieve this strategy by the year 2005.

In implementing this strategy, the Group will build upon the work previously undertaken by WP.4 and will focus its work on CEFACT's new mandate. In accordance with the procedures defined in TRADE/R.650 - Recommendation for the establishment of CEFACT, the following mandate is recommended for the ITT Group.

MANDATE

OVERALL OBJECTIVES

Purpose

The purpose of the ITT Group is to provide a framework for future CEFACT work covering the facilitation of international trade procedures as well as a tool for the education and training of users and, potentially, other interested parties. How the ITT Group links into global trade and other related CEFACT activities is shown in annex IV. The Group's strategic objective is to make both public and private sector international trade requirements become, to the optimum extent possible, analogous to, and as simple as, their domestic equivalents. Where this is not the case, such requirements need to be proportionate to the controls required. Towards this objective, it will develop and maintain a master model with regional and sectoral variations, taking into consideration all aspects of modern data modelling techniques with a view to produce, on the basis of this model or its components, all necessary information for management and coordination in the field of trade facilitation and to make proposals as appropriate.
This model will also provide an educational and promotional tool capable of demonstrating a complete overview of the international trade transaction from start to finish as well as allowing those with an interest in international trade to identify their respective roles and responsibilities with the other parties involved in such a transaction.

Scope

The scope of the group is as follows:

- International trade of goods and relevant services, with alignment to domestic trade where relevant;
- Coherence with other fields of activity of CEFACT at the procedural level, these fields include:
  - Sectoral areas such as healthcare, social security, etc.
  - Process/data models and message development related to trade
  - Information exchange, whether based on traditional or electronic methodologies

KEY DELIVERABLES

The following key deliverables are identified for the group:

1. Develop and maintain the ITT master model;
2. Provide a registry of national and sectoral models;
3. Supply educational and promotional material based on the master model and its variations;
4. Analyze new message requests which have relevance to international trade;
5. Develop trade facilitation recommendations based on the overall strategy and the master model;
6. Systematic review of trade facilitation recommendations;
7. Monitoring the implementation of trade facilitation recommendations;
8. Annual report to the CEFACT Steering Group.

GEOGRAPHICAL FOCUS

To achieve the objectives of the group, it has to be global in its geographical focus.

FUNCTIONAL EXPERTISE FOR MEMBERSHIP

The membership of the group, with the UN secretariat, must be open to all CEFACT delegations providing that the functional expertise of the group collectively results in a detailed and proven knowledge of:

- International trade and facilitation at both official and commercial levels,
- Business modelling techniques,
- Message implementation and document design ,
- Information and Communication Technology (ICT) applications related to trade transactions,
- Maintenance and secretarial expertise.

DELEGATED RESPONSIBILITIES REQUESTED

It is proposed that the working group be empowered:

a) to establish sub-groups and supporting teams as required in pursuance of its mandate;

b) to issue, publish and present according to agreed upon procedures:

- the ITT Master Model
- the Registry of Models (National - Sectoral)
- educational/promotional materials

c) to comment and provide inputs to CEFACT on trade facilitation policy and related matters;

d) to cooperate and act as a liaison with other groups and organizations as per the Terms of Reference;

e) to comment directly to the originators of any new message requests which have relevance to international trade;

f) to make actions with regard to new message requests.

The ITT Group requests endorsement by CEFACT prior to the final publication of the following deliverables:

a) Recommendations based on the ITT Master Model
b) Promotion material/activities in support of trade facilitation recommendations, with the primary responsibility for promotional activity in this area falling upon CEFACT.

The ITT group will be responsible for the following existing WP.4 Recommendations, as per the mandate:

- Rec. 1 United Nations Layout Key for Trade Documents;
- Rec. 2 Location of Codes in Trade Documents;
- Rec. 4 National Trade Facilitation Organs;
- Rec. 5 Abbreviations of INCOTERMS (in conjunction with ICC);
- Rec. 6 Aligned Invoice Layout Key;
- Rec. 8 Unique Identification Code Methodology (UNIC);
- Rec. 12 Measures to Facilitate Maritime Transport Documents Procedures (in conjunction with LRT);
- Rec. 15 Simpler Shipping Marks;
- Rec. 18 Facilitation measures Related to International Trade Procedures;
- Rec. 22 Layout Key for Standard Consignment Instructions.

STATEMENT OF RESOURCE REQUIREMENTS

For the ITT group to undertake its work it will need:

a) 2.5 staff per year from the UN/ECE secretariat resources in the Trade Facilitation Section, to be reviewed after 2 years, and

b) Extra-budgetary resources to include the software required for modelling and the use of a full-time seconded consultant.

Activities requiring resources:

Secretariat support for up to 4 one-week ITT meetings, to be held in venue outside Geneva at least twice a year

- Development and Maintenance of the ITT Master Model and Registry
- Regional coverage (i.e. support for input from outside the ECE region)
- Educational activities
- Implementation and Promotion of Trade Facilitation Recommendations
- Provision of Modelling and Technical Tools

Other members will provide resources for their own participation.

Annex II

Draft Work Programme of the International Trade Transaction (ITT)

CEFACT Working Group

1. Establishment of ITT Model. Its promotion in the World Wide Web Network

1.1 Maintenance of the WWW presentation (undertaken by the UN/ECE secretariat)

2. Development of the electronic ITT models

2.1 Maintenance of the ITT Master Model which contains the following stages:

2.1.1 "Contract negotiations" stage with all activities necessary to create and agree on a contract between the seller and the buyer;

2.1.2 "Payment negotiations" stage with all activities on an agreement on payment for goods to be transported;

2.1.3 "Preparation for exportation" stage with all activities for arranging a secure and timely correct transportation of the goods;

2.1.4 "Exportation via deep sea" stage;

2.1.5 "Exportation via air" stage;

2.1.6 "Importation via deep sea" stage;

2.1.7 "Importation via air" stage;

2.1.8 "Payment final phase" stage.

2.1.9 "Transportation" stage (the Romanian version).

2.2 Registration of regional and national electronic model of international transactions.

2.2.1 The Hungarian Model

2.2.2 The Romanian Model

2.2.3 The United Kingdom Model

2.2.4 The Russian Model

2.2.5 The Iranian Model

3. Analysis and implementation of the ITT Modelling results

3.1 Suggest revision of:

3.1.1 Recommendation No.4 "National Trade Facilitation Organizations";

3.1.2 Recommendation No.13 "Facilitation of Identified legal Problems in Import Clearance Procedures";

3.1.3 Recommendation No.14 "Authentication of trade Documents by means other than signature";

3.1.4 Recommendation No.18 "Facilitation measures related to international trade procedures".

3.2 Potential new CEFACT Recommendations:

3.2.1 Audit-based control principles with risk assessment;

3.2.2 Recommendations on document/EDI system.

3.3 Testing requests for new messages or changes to UN/EDIFACT electronic messages against the ITT models (participation in UN/EDIFACT Data Maintenance Requests (DMR) process)

4. Cooperation and coordination with international organizations in this area

4.1 ESCAP and other UN regional economic commissions

4.2 JRT

4.3 CEFACT Legal Rapporteurs Team

4.3 World Customs Organization (WCO)

4.4 World Trade Organization (WTO)

4.5 International Chamber of Commerce (ICC)

4.6 International Chamber of Shipping (ICS)-BOLERO project

4.7 ISO

4.9 BSR project

4.10 EURIDIS (Erasmus University Research Institute for Decision and Information Systems)

5.0 Review of implementation of WP.4/CEFACT Recommendations at the country level each 3-5 years

6.0 Annual Report to the CEFACT Plenary on the ITT Group activities

Annex III

Terms of Reference of the CEFACT

Permanent Working Group on the ITT

Introduction

The purpose of the ITT Permanent Working Group is to provide a framework for CEFACT work covering the facilitation of international trade procedures in line with the Mandate, (paragraph 2.1.1) approved by CEFACT at ...

The scope of the Terms of Reference (as per document TRADE/R.650)

These terms of Reference cover:

- a definition of the specific technical issue(s) to be addressed;
- a detailed description of the proposed deliverables;
- the proposed membership;
- the administrative team structure of the Group;
- a time schedule and milestones of its function(s);
- a proposal for liaison with other Groups and any external organizations.

The requirements under each of the above are as follows:

A definition of the specific technical issue(s) to be addressed:

a) Link, integrate, coordinate and establish the coherence of the business models with the Master ITT Model;

b) Analyze international trade procedures and identify barriers;

c) Produce technical rules, for WTO rules;

d) Technical issues arising from Information and Communication technology applications related to trade transaction.

A detailed description of the proposed deliverables:

a) The ITT Group will develop and maintain a Master model of global international trade transactions with regional and sectorial variations, taking into consideration all aspects of modern data

modelling techniques with a view to produce, on the basis of this model or its components, all necessary information for management in the field of trade facilitation and to make proposals as appropriate.

b) In conjunction with the UN/ECE secretariat, the ITT Group will maintain a register of national and sectorial models, along with the originators details. Such information will be available on the Internet.

d) To raise the awareness of the strategic importance of trade facilitation at an individual, corporate, national and international level and through/with the media. Trade facilitation material will be available in electronic format and in case of need, published.

e) The ITT Group will test the message requests against the model and existing UN/ECE Recommendations to establish whether it is appropriate. This will be undertaken within an agreed time.

f) The ITT group's overall strategy is to develop international trade procedures which is analogous to those undertaken in the domestic environment. To this end, recommendations will be developed on audit controls based on commercial records linked to risk assessment with the progressive use of information technology. The potential for a Trade Facilitation Convention needs to be undertaken.

g) The ITT Group will review UN/ECE Recommendations covered by the Mandate every 3 to 5 years and by specific requests from governmental, inter-governmental organizations, traders, administrations and international organizations.

h) The ITT group will require, on a two-year basis, an inventory from delegations of the UN/ECE Recommendations implemented under their responsibility and will make recommendations to CEFACT appropriate to circumstances.

i) The ITT Group will submit an annual report to CEFACT covering its activities undertaken in accordance with its Mandate, Work Programme and other relevant activities.

The Membership

The UN/ECE secretariat and participants to the sessions of CEFACT and its subsidiary bodies are potential members of the ITT Group. The functional expertise needed is as described in the Mandate, (paragraph 2.4), and external expert advise can be sought should the need arise. Nominations must be approved by Head of Delegation.

The CEFACT secretariat service are to:

- call for regular meetings, as per the Mandate;
- receive and make written proposals for the modification, addition or deletion of layers (narrative, stages and information flows) in the master model;

- maintain master model and the registry of national and regional models.

All modifications are implemented upon their approval by the group. The secretariat is responsible for informing the members and the users concerned, by the most appropriate format.

The ITT Group shall consist of sub groups (as per the Mandate and Workprogramme), supported by the secretariat as appropriate. The sub group will elect its own officers and report back to the ITT Group.

Time Scale

The Mandate, Terms of Reference, Work Programme and related activities will determine the time scale framework for the activities to be completed subject to any amendment from the Steering Committee and the Plenary.

Proposals for liaison with other Working Groups and external organizations

Four criteria are established for cooperation with other international organizations and bodies:

I. Common work(projects) and common tools;

II. Separate work, but common tools and methods (coordination required);

III. Separate work and different methods (interface is needed);

IV. Separate work and different methods (occasional liaison).

Organizations and bodies involved in the different aspects of the ITT group and the levels of cooperation with them in accordance with the above-mentioned criteria are indicated as follows:

		Level of cooperation			
		I	II	III	IV
1.	ESCAP and other UN regional Commissions	+	+		
2.	ISO (TC154, other appropriate bodies)		+	+	
3.	International Chamber Commerce (ICC)		+	+	
4.	World Trade Organization (WTO)*		+	+	
5.	UNCTAD		+	+	
6.	World Customs Organization (WCO)		+	+	
7.	BSR		+		
8.	EWOS			+	+
9.	EURIDIS		in Internet		
10.	CEFACT Legal Rapporteurs Team		+		
11.	ICS-BOLERO			+	

Note*:

The secretariat should investigate the possibilities of a wider cooperation with the World Trade Organization for the provision of assistance and technical support in elaboration of trade facilitation rules. To this end, CEFACT should also examine the feasibility and the implications of transforming its mandate from issuing recommendations to elaborating trade facilitation conventions. Accordingly, CEFACT may seek observer status on relevant WTO bodies such as the Council for Trade in Goods which prepares the exploratory and analytical work on the simplification of trade procedures.

ANNEX IV IS NOT AVAILABLE ON DISKETTE