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PROPOSAL TO ESTABLISH AN AD HOC WORKING GROUP ON RECOMMENDATION No. 16 "UN/LOCODE - CODE FOR PORTS AND OTHER LOCATIONS"

Note by the secretariat

This paper proposes that CEFACT should establish a working group to address issues associated with the UN/LOCODE with a view to ensuring that the UN/LOCODE will in future be able to meet more fully the needs of its users. The present document is reproduced in the form in which it was received by the secretariat.

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PROPOSAL TO ESTABLISH AN AD HOC WORKING GROUP ON RECOMMENDATION No. 16 "UN/LOCODE - CODE FOR PORTS AND OTHER LOCATIONS"

Note by ICS

SUMMARY

This paper proposes that CEFACT should establish a working group to address issues associated with the UN/LOCODE with a view to ensuring that the UN/LOCODE will in future be able to meet more fully the needs of its users.

I. BACKGROUND

1. The UN/LOCODE, codes for ports and other locations, is among the most useful, and certainly among the most well used, of the UN/ECE's Trade Facilitation Recommendations.

2. Functionally, it provides an international standard set of unique coded representations for locations throughout the world. It has become a crucial component within the systems used by international transport operators to control the movement of goods around the world.

3. Each annual revision of the LOCODE is eagerly awaited and invariably generates comment once it has been published - an indication, in itself, of the level of interest in the LOCODE. Following a period of concern that the LOCODE was failing to keep pace with users' needs, there has been favourable comment in the last couple of years as its coverage has been extended considerably and requests for new entries have processed more expeditiously.

4. Nonetheless, it is evident that there are still some problem areas. Some of the outstanding user needs are set out in a memorandum attached at Annex hereto. They are tabulated under various headings and it will be seen from inspection that some difficulties arise from, inter alia, the unduly prescriptive nature of Recommendation 16 and from an incomplete understanding by parties indirectly associated with movements of goods of the needs of code users.

5. There is a clear danger that a long-term inability of the LOCODE to meet the needs of its users may oblige some users to develop their own codes. Whether these codes are substitutes or supplements to the LOCODE, their proliferation will inevitably undermine the LOCODE's key value as the international standard code set.

6. Plainly, a preferable option would be to address the problem areas and thereby ensure that the LOCODE meets more fully the needs of its users.

7. The newly reworked administrative structure for the UN/ECE trade facilitation activities provides a mechanism for this work to be done. Document TRADE/WP.4/R.1234 provides for CEFACT to establish working groups to undertake particular tasks and cites as a specific example the review of a code list. Such a working group, constituted for the UN/LOCODE, would provide a mechanism for those with experience of using and maintaining the code to work together to address the problem areas. The 44th session of WP.4 noted that convening an ad hoc working group of interested experts in the framework of CEFACT would provide an appropriate arrangement for the continued necessary work on the UN/LOCODE.

II. PROPOSAL

8. It is hereby proposed that, in recognition of the foregoing, the March 1997 session of CEFACT should establish an ad hoc working group on the UN/LOCODE. In line with the stipulations of Document TRADE/WP.4/R.1234, the working group├s mandate will be as follows:

Overall objective

8.1. The working group├s overall objective will be to address problems raised by users of the UN/LOCODE, to analyse the causes of these, and to take action as appropriate. This action may involve a partial revision of Recommendation 16 and a programme of explaining users'needs to various parties.

Key deliverables

8.2. The working group's key deliverable will be a scenario where the UN/LOCODE fully meets the needs of its users.

Geographical focus

8.3. The UN/LOCODE is global in its scope. The establishment of the working group reflects a desire to ensure that the LOCODE retains its position as the number one international standard code set for representing the names of locations used in international trade.

Functional expertise required for membership

8.4. Participants in the working group should have experience of using or maintaining the LOCODE, in whole or in part.

Request for delegated responsibility

8.5. The expertise of its participants will enable the working group to undertake its analysis of the problem areas presently associated with the UN/LOCODE and also to identify necessary remedial action. However, the working group will require delegated responsibility to give effect to such necessary remedial action. It is therefore proposed that the working group be empowered:

+ to undertake a partial revision of Recommendation 16, as may be necessary in pursuance of its mandate, and

+ to enter into correspondence and dialogue on behalf of CEFACT with third parties on the subject of the UN/LOCODE and its use.

Statement of resource requirements

8.6. Participants in the working group will provide resources for their own participation. The existence and functioning of the working group will not require any additional resources from the UN/ECE secretariat.

III. ACTION REQUESTED OF THE CENTRE

9. The Centre is requested to:

+ establish an ad hoc working group on the UN/LOCODE with a mandate as set out in paragraph 8 onwards above, and

+ empower the said working group to perform the functions set out in paragraph 8.5 above.

Annex
UN/LOCODE
MEMORANDUM OF IDENTIFIED USER NEEDS

1. This memorandum describes the needs of users of the UN/LOCODE, as identified by them, which are not being fully met at the moment. It is based on comments made by users of the UN/LOCODE within the last three years. It also includes a preliminary analysis conducted by ICS into these needs and, on the basis of this, makes suggestions as to how they might be met. The memorandum does not purport to be definitive or exhaustive; it is intended merely to generate awareness of users'needs and to assist in stimulating action to ensure that these needs are met.

Coverage

2. The recently extended coverage of the UN/LOCODE has been welcomed by its users.

3. Nevertheless, it is becoming apparent that the criteria for including locations in the UN/LOCODE, as set out in section 6.1 of the manual, prevent the LOCODE from attaining its full potential. In particular, it is stated that in order to qualify for inclusion, inland locations must be used at least once weekly on average. This criterion is profoundly problematic, not least because of the difficulties associated with measuring usage. There is no arbiter for the number of times any particular city, town, or trading estate receives a goods movement associated with international trade over any given period. Individual transport operators will be aware of how frequently they themselves carry goods to the location but there will be no aggregate knowledge encompassing the operations of all transporters. Any assessment of the overall frequency of use for a location will therefore be essentially subjective and open to challenge. This is not satisfactory.

4. Conceptually, it is fair to assume that a request for the inclusion of a particular location is constructive evidence that the location is used in international trade. It is necessary then simply to confirm the locations existence, its geographical situation, and the spelling of its name. This requirement could easily be fulfilled by the nomination of an authoritative gazetteer of locations, against which locations would be checked. If the location featured in the gazetteer it could be included in the UN/LOCODE forthwith - a straightforward objective test. In practice, it is likely that there would need to be authoritative national gazetteers of locations (such as national road atlases) to supplement any single international gazetteer whose coverage could never be absolutely comprehensive.

5. Such an approach would remove much of the subjective nature of the present criteria. It would provide reassurance to users that valid requests would be met. It should also ensure that the process of vetting requests would be much streamlined and quicker.

Responsiveness

6. With the rapid expansion of intermodal transport movements in international trade, many requests for new locations to be included in the LOCODE are being generated. Moreover, each new request tends to represent an imminent goods movement. It is therefore a key requirement of code users that they should be able to obtain a code for any given location quickly. At the moment, the process can take several months and is the cause of unfavourable comment.

7. Codes are presently allocated by national LOCODE maintenance agencies, by international organisations such as ICS, or by the UN/ECE secretariat. All codes are subject to confirmation by the respective national maintenance body. This process, while worthy in principle, is inherently protracted and slow. It has been noted above that the process of vetting requests could be made quicker by dispensing with subjective assessments of usage and instead referring to nominated gazetteers of locations.

8. The nomination of an authoritative national gazetteer by the national LOCODE maintenance agency would provide constructive confirmation for the inclusion within the LOCODE of all locations listed in the gazetteer. This would ensure that requests for the inclusion of new locations could be processed much more quickly.

9. Use of a common reference work would enable all organisations presently involved in the allocation of codes to co-ordinate their activities more closely. The growing use of the Internet should facilitate the accessibility and updating of the master copy of the UN/LOCODE so that new codes can be promulgated in a shorter timescale than at present.

Capacity

10. The 3-alpha code provides for 17,576 permutations in each country. The US has nearly 12,000 entries in the LOCODE at the moment and this number looks likely to increase. It is conceivable therefore that the maximum number of permutations may be reached, soonest for the US but doubtless for other countries too in time. Consideration needs to be given to how extra capacity can be found within the LOCODE. Several suggestions are in circulation at the moment:

10.1 Adding an extra character, thereby creating a 4-alpha code. This would provide a maximum of 456,976 permutations for each country - more than adequate to meet all conceivable demands. However, the addition of an extra character would cause great difficulties for systems geared to handle only a 3-character code.

10.2 Using alpha-numeric codes within the 3-character structure. This would provide a maximum of 39,304 permutations for each country, assuming that the numbers 0 and 1 were not used (or 46,656 permutations if they were used).

11. The use of 3-alpha-numeric codes should be easily accommodated within existing systems geared to handle 3-character codes and would represent an increase in capacity of more than 120% - adequate to meet all foreseeable demands. Alpha-numeric codes would lose the mnemonic link with the location's name; however, it is likely that any such link would anyway become more tenuous as the 17,576 3-alpha ceiling was approached.

12. Using Column 3, the district code, as an integral part of each entry in the LOCODE. For example, Column 3 of the LOCODE for the US lists the 2-alpha ISO State codes for each location; for the UK, the 3-alpha ISO County codes are shown. Equally, for some countries, no entries are shown in column 3.

13. Use of the district code could conceivably provide for the full 17,576 permutations in each district - 17,576 permutations in each US state, for example. This would provide more than sufficient capacity but might, again, cause difficulties in systems geared to handle only 3-character codes within each country.

14. Allocating overspill country codes to those countries whose original country codes have been exhausted. For example, when all 17,576 US*** permutations have been used, further entries in the US could appear as UT***. This would retain the 3-character structure and provide sufficient capacity. However, the loss of a single country code for each country would create difficulties in sorting entries by the country in which they are located.

15. A decision needs to be made as to which of the above (or other) options is to be adopted to resolve the looming problem of capacity exhaustion.

Stability

16. Users have unanimously welcomed the additions of new entries in successive recent versions of the UN/LOCODE as the extension of its coverage has enabled it more fully to meet their needs. From an operational point of view, it is straightforward to add new entries to the existing body of codes within systems.

17. However, the same recent versions of the UN/LOCODE have also contained a number of changes to existing entries, which have caused difficulties for users. Unlike simply adding a new code, it is time-consuming and frustrating to have to go back and change a particular code which is already in use within systems to denote any given location. Furthermore, it is difficult to be sure that all users of the LOCODE will be aware of changes that have been made - if they are not aware of the changes, there is scope for obvious compatibility problems.

18. There are several examples. Cleveland, Ohio, was listed in the 1986 version as USCLE, in the 1994 version as USCLD, and in the 1996 version as USCLE again. Likewise, Fremantle, Australia, was listed in 1986 as AUFRE, in the 1994 version as AUJFM, and in the 1996 version as AUFRE again. Bergamo was listed in the 1994 version as ITBGY and in the 1996 version as ITBGO.

19. This is not satisfactory. It is clearly desirable for successive versions of the LOCODE to be upwardly compatible. Each version of the UN/LOCODE should form the core of its successor. This would ensure compatibility within and between users' systems and avoid the resource-intensive process of back-checking.

20. Similar problems arise with the deletion of established entries from the UN/LOCODE, in that the existing body of entries can no longer be completely relied upon. There is the further problem that the removal of an entry will leave code users bereft of any code to represent that location. For example, Dallas, Texas, and Port Arthur, Texas, have been removed from the UN/LOCODE between the 1994 and 1996 version, leaving users with no codes to represent either place.

21. The logic for removing entries from the UN/LOCODE is not clear, except in cases where earlier inadvertence has resulted in multiple entries for the same location. No location appears in the UN/LOCODE unbidden. Each location is listed because a code user has requested it. Each and every entry therefore denotes a need by one or more code user and the removal of an entry leaves that need unmet. This, again, is not satisfactory.

22. Although there are well-known annotations to identify changes and proposed deletions, Recommendation 16 does not specify any procedure for controlling the deletion or amendment of existing entries. A clear and explicit statement of the conditions under which entries may be deleted or amended should be developed to protect users'interests. This should be inserted into Recommendation 16.

Acceptance of variant spellings

23. It has been noted above that the use of an authoritative gazetteer of locations would enable the correct spelling of their names to be readily confirmed. This facility has clear value, both in the avoidance of simple errors and in the provision of an approved transliteration into the Roman alphabet of placenames which exist originally in other character sets.

24. The UN/LOCODE manual explicitly sets out the treatment of placenames which appear in more than one form as a reflection of more than one national language or common usage. This too is a useful reference facility.

25. However, code users encounter difficulties in using such variant spellings of placenames as a result of the inflexibility of third parties, and in particular, of banks during their processing of transactions subject to documentary credits. In consequence, transport operators find themselves having to amend documentation in order to satisfy banks' demands. This can involve the deletion of placenames as shown in the LOCODE and their substitution by alternative spellings as specified by the bank. This is plainly not satisfactory. It would be even less so in an environment where the spellings of placenames, as specified by a nominated authoritative gazetteer, were rejected.

26. It is evident that dialogue should be established with such organisations with a view to educating them about the UN/LOCODE and securing their recognition that the appearance of placenames in the UN/LOCODE provides an absolute arbiter of an acceptable spelling and a definitive tabulation of alternatives, if any.

27. This point is unique within this memorandum of outstanding issues as being concerned with the use and application of the UN/LOCODE rather than its structure and scope. Nevertheless, its resolution is essential to remove a major obstacle encountered by users which frustrates the ready use of the UN/LOCODE throughout international trade transactions.

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