



**Economic and Social
Council**

Distr.
GENERAL

TRADE/CEFACT/1998/23
3 August 1998

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT
Centre for the Facilitation of Procedures and Practices
for Administration, Commerce and Transport (CEFACT)
Item 4 of the provisional agenda
Fourth session, 14-16 September 1998

**REPORT FROM THE CHAIR OF THE
INTERNATIONAL TRADE PROCEDURES WORKING GROUP (ITPWG)
TO THE CEFACT PLENARY**

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Submitted by the Chairman of the ITPWG *

This document contains a report of the activities of the ITPWG since the March 1998 Plenary. It is for noting and information.

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Report of the International Trade Procedures Working Group Chair to the September 1998 Plenary

INTRODUCTION

This report covers the ITPWG's activities since the March 1998 Plenary and that which is planned for the future. The group has met on the 19/20 March '98 and the 1-3 July '98 and will convene again on the 21-23 September '98 and the 13/15 January '99. All meetings have taken place at the Palais des Nations, Geneva. Attendees at the meetings thus far have been:

Mr Nigel Balchin - IFIA,
Mr R Battersby - SITPRO (UK),
Ms Martine Brewster - SITPRO (UK),
Mr Hans Carl - UNCTAD,
Mr Jean-Luc Delcourt - DG21, CCE
Mr Emile Goffin - Belgium
Mr Dariush Haghighi Talab - Iran
Mr Karl I Isaksen - NORSK EDIPRO,
Mr Nadadur Janardhan - ESCAP,
Mr Julius Kravjar - SLOVAKPRO (Slovakia),
Dr Ronald Lee - EURIDIS (Netherlands),
Mrs Patricia McCauley - WCO (Belgium)
Mr Matteo Mariani SEMPRO ITALIA (Italy),
Dr Marian Niedzwiedzinski - University of Lodz (Poland),
Mr Ralf Notz - DIHT (Germany),
Mr Maxence Orthlieb - UNCTAD,
Mr Timothy Reardon - ICS (UK),
Mr Jari Salo - FINPRO (Finland),
Mr Helge Schoner - WKO (Austria),
Mr Eamonn Sheehy - WCO (Belgium),
Ms Adriana Sirzea ROMPRO (Romania),
Ms Gunilla Skoldemar - SWEPRO (Sweden),
Mr Friso Wiarda - Ministry of Finance (Netherlands),
Ms Virginia Cram-Martos - UN/ECE
Mr Hans Hansell - UN/ECE
Ms Martine Levrague - UN/ECE

This Report primarily concentrates on the work programme found in TRADE/CEFACT/1998/20/Add.3, which was last amended on the 7 July 1998. The programme is grouped into four categories e.g. procedures, documentation, frameworks and structure and liaison and this report is presented in the same sequence. If further details are required they can be given orally at the Plenary.

PROCEDURES

Recommendations 8,12 & 15

Work on revising the existing UN/ECE Recommendations 8 - Unique Identification Code Methodology (UN), Recommendation 12 - Measures to Facilitate Maritime

Transport Documents Procedures, and Recommendation 15 - Simpler Shipping Marks, has been undertaken by sub-group co-ordinated by Italy with participation from Iran, Sweden, Finland, IFIA, UNCTAD and the WCO.

The ITPWG have accepted the sub-group's proposal that as far as Recommendations 12 and 15 are concerned no major modification as to the content is necessary, with the proposed changes being primarily to reflect the new CEFACT structure. It is planned that the amended Recommendations will be submitted to the March '99 Plenary. (As from 1999 there will be a yearly Plenary).

With regard to Recommendation 8, further examinations regarding implementation is necessary and is currently being undertaken by the sub-group. The time scale for the revised Recommendation to be submitted to the Plenary is March 2000 (18 months time).

Recommendation 11

The revision of Recommendation 11 - Documentary Aspects of the International Transport of Dangerous Goods has yet to commence. However, the work will be undertaken by a sub-group, and Heads of Delegations will be invited in January '99 to nominate members for this activity. Given the complexity of the subject, and the continuing lack of data and sequence harmonisation between various transport modes, coupled with the need to have close liaison and agreement with the ECE sub-committee of experts on the transport of dangerous goods, it is unlikely that the work will be completed before September 2000.

Recommendation 18

The ITPWG have considered the UN Secretariat's draft revision of Recommendation 18 - Facilitation Measures Related to International Trade Procedures. Additionally the revision sub-group, co-ordinated by Austria, with Poland, Sweden, Romania, UNCTAD and the UN Secretariat participating, are examining how best the Recommendation can be updated and whether it would be more advantageous to be presented with 3 sections, (commercial, transport and customs) or even have three separate Recommendations, rather than maintain the existing 9 measures.

It has already been decided that the Customs element will not be undertaken until revision of the Kyoto Convention is completed. Inputs from other CEFACT permanent working groups are equally being sought and linked to the re-drafting necessary it is unlikely that the revision work will be completed before March 2000. Endorsement of a new Recommendation is therefore unlikely before the March 2001 Plenary.

New Recommendations

There are currently two proposed new Recommendations under consideration of the ITPWG, these are System Audit Based Controls (SABC) and Pre-Shipment Inspection (PSI).

System Audit Based Controls is very much at the centre of the CEFACT strategy by removing the necessity of consignment based controls for each international transaction, and replacing them with official controls, linked to risk assessment, and

based on the traders normal commercial records. As a fast-track measure it is planned to present a pro-forma Recommendation to the March '99 Plenary with adoption at the March 2000 Plenary of the definitive measure.

A new draft Recommendation on Pre Shipment Inspection (PSI) is seen as essential and complimentary to system audit based controls. It's objective is that, whilst acknowledging the case for PSI, it should become a procedure that is implemented as a temporary measure, and not an open ended process. Like the System Audit Based Controls work, it is planned to submit a pro-forma recommendation to the March '99 Plenary with adoption at a subsequent Plenary.

In addition to the two proposed Recommendations above, a potential Recommendation on Aligned Documents and their Electronic Equivalents is being considered by the ITPWG and is included in their work programme. However, this is on hold until at least the SIMPL-EDI/ Electronic Equivalent ad-hoc group reports, and the outcome of the SITPRO ElecTra (previously ADEEP) project trials are known.

DOCUMENTATION ACTIVITY

The revision of the Recommendations covering the UN layout key and the existing documents is being undertaken by a sub group co-ordinated by Romania, with Finland, United Kingdom, IFIA, Austria, Sweden, Italy and the UN/ECE Secretariat as members. The ITPWG has agreed that there will no longer be separate Recommendations for individual documents but that they will become an annex with supporting narrative to Recommendation 1 - United Nations Layout Key for Trade Documents.

As well as the revision work, the subgroup are also considering two further documents e.g.; Documentary Credit Application and Despatch Advice. Other documentary proposals are expected by the end of the year. The existing level of work is expected to be completed by the end of 1999 with the results being adopted at the March 2000 Plenary as a Recommendation.

Comments from the EWG and its message design group are being sought, on a paper by Romania covering the concordance between commercial documents and UN/EDIFACT messages, paper CEFACT/ITPWG98N006/Rev.1.

FRAMEWORK ACTIVITY

By the next meeting of the ITPWG (21-23 September) there will be a complete, revised, basic model of the International Trade Transaction (ITT) on the UN's website (TRAFIX). This basic model, based on UK procedures, will be divided into 8 separate frameworks covering the different stages/variations of an ITT and will be fully supported with additional narrative for all the activities therein. The model will show the information flows between parties and also highlight the problem areas 'hot spots', within an ITT that cause delays to consignments.

It has already been acknowledged that the framework is a very informative and effective educational tool that can be understood by anyone with an interest in international trade.

As well as the basic model, with national additions, the intention is to 'framework' a cross-border crossing activity within the SECI initiative. From both these activities an analysis will be undertaken to establish common 'hot spots' which could benefit from adopting trade facilitation techniques & UN/ECE Recommendations.

This work is undertaken by a sub group, co-ordinated by the United Kingdom with participants from the Netherlands, Finland, Poland, Austria and the UN Secretariat.

STRUCTURE & LIAISON

Trade Facilitation Organisations

Following many requests, a major priority for the ITPWG has been a revised Recommendation 4 - National Trade Facilitation Organisations. Building upon an earlier UK submission, the UN Secretariat with UNCTAD have produced a draft Recommendation 4 which redefines the objectives and the value of Trade Facilitation organisations being established. It is the intention to submit the revised version to Heads of Delegation by 31/12/98 with the objective of a new recommendation being adopted at the March '99 Plenary.

Structure of Recommendations

On the structure of Recommendations themselves, much thought was given to how to improve their readability, focus and implementation. It was agreed that to this end the key text should be at the forefront with all the background information subsequently. At present the opposite occurs.

The group felt that such an approach would make it easier to publish leaflets on individual Recommendations, particularly when targeting a particular sector of trade. The present 'thick book' format is perceived to be a discouragement to some people to read, and more importantly to implement.

UNTDED/TDID

A legacy from the GE.2 agenda has been the ongoing question of compatibility between UNTDED/UNTDID. The ITPWG has yet to consider this issue and at present does not have the resources to do so. How compatibility is to be achieved remains an important issue and how this will be realised, needs to be determined by the CSG. To-date, the Secretariat have outlined the resource implications for a TDED maintenance activity but clearly this can only be implemented after compatibility has been achieved.

GENERAL LIAISON

On liaison generally, the ITPWG has submitted material for comment by the other CEFACT groups as appropriate, and has already had a joint session with the Codes Working Group. It is the intention to build positively on these developments.

On external co-operation, UNCTAD and WCO take an active role in the ITPWG activity, which is particularly welcome considering the comparable nature of the work undertaken.

CONCLUSION

The review and revision of existing Recommendations within the ITPWG Work Programme is a substantial resource activity. Added to this is the need to formulate new Recommendations that substantially improve the international trade process for traders and administrations alike.

The anticipated original time scale for completion was 3 to 5 years subject to effective and ongoing secretariat and delegate participation. This still remains the position.
