



UNITED NATIONS
ECONOMIC COMMISSION FOR EUROPE

NATIONAL TRADE FACILITATION BODIES

RECOMMENDATION No. 4, *second edition, adopted by the*
United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)

Geneva, October 2001

ECE/TRADE/242

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PREAMBLE

1. At its fifth session, held in March 1999, the UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT), which has replaced the Working Party on Facilitation of International Trade Procedures, adopted Recommendation No. 4, «National Trade Facilitation Organs» in order to encourage the establishment of national organizations, or other suitable means, for the implementation of recommendations on the facilitation of international trade procedures.

2. In view of the many changes which have taken place in the fields of trade and transport since 1974, resulting from political, economic and technological developments, UN/CEFACT undertook to revise this Recommendation.

RECOMMENDATION

3. At its fifth session, UN/CEFACT adopted the following revised Recommendation:

"The UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT) recommends that Governments establish and support national trade facilitation bodies with balanced private and public sector participation in order to:

- *identify issues affecting the cost and efficiency of their country's international trade;*
- *develop measures to reduce the cost and improve the efficiency of international trade;*
- *assist in the implementation of those measures;*
- *provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation; and*
- *participate in international efforts to improve trade facilitation and efficiency.*

4. The following countries were represented at the session:

Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Hungary, Iceland, Iran (Islamic Republic of), Israel, Japan, Lebanon, Luxembourg, Netherlands, Nigeria, Norway, Poland, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland and

United States of America. The European Community

was also represented.

5. The following inter-governmental organizations participated: Danube Commission (CD), the Organization of the Islamic Conference (OIC), the World Customs Organization (WCO) and the Bank for International Settlements (BIS).

6. The following United Nations bodies were also represented: The Economic Commission for Africa (ECA), the United Nations Economic and Social Commission for Western Asia (ESCWA), the United Nations Commission on International Trade Law (UNCITRAL), and the United Nations Conference on Trade and Development (UNCTAD).

7. The following non-governmental organizations participated: International Rail Transport Committee (CIT), International Article Numbering Association (EAN), European Electronic Messaging Association (EEMA), International Association of Ports and Harbours (IAPH), International Chamber of Commerce (ICC), International Electro-technical Commission (IEC), International Road Union (IRU), International Organization for Standardization (ISO), Society for Worldwide Interbank Financial Telecommunications (S.W.I.F.T) and the United Towns Agency for North-South Cooperation.

8. Observers present at the invitation of the secretariat included representatives of the Electronic Commerce Europe Association (ECEA), Association of Committees on Simplified Procedures for International Trade within the European Community and the European Free Trade Association (EUROPRO) and the International Federation of Inspection Agencies (IFIA).

EXPLANATORY TEXT

Trade Facilitation

9. Formalities, procedures and paperwork in international trade are generated by the need for Governments and trade operators to monitor and control the movement of goods, transfer of services and related financial flows. This is necessary in order to safeguard each country's requirements to collect tariff revenues and to control the cross-border movement of illegal drugs, arms, protected species, hazardous waste, and other controlled products and to fulfil the information requirements for operational and statistical purposes.

10. Regulatory authorities, however, often amend or add formalities, procedures and documents without consultation and without consideration of the effect of such changes on the cost and efficiency of the overall trading system. The effect of this practice often becomes an economic burden to the trading community. Costs,

and uncertainties associated with transactions across national boundaries, together with differences in official regulations and practices, all act to inhibit trade flows. This situation discourages many businesses from even considering trading on an international basis, particularly small- and medium-sized enterprises.

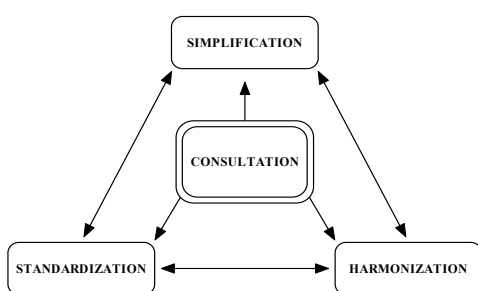
11. While the requirements of one commercial organization or governmental department may conflict with those of another, it is often possible to simplify formalities and streamline procedures without prejudicing the essential interests of any of the parties concerned.

12. Countries interested in maintaining an internationally competitive economy should introduce consultation mechanisms for simplifying and reducing formalities, procedures, documents and other requirements to the minimum degree acceptable to all parties concerned.

13. International and national bodies in various countries and sectors have introduced many improvements in the trade-related flows of information and goods, including international conventions, standards, recommendations and guidelines. Many of these have been developed through the work of the former UN/ECE Working Party 4, now UN/CEFACT. Others have been developed for example by UNCTAD, IMO, WCO, ICC, and ISO.

Facilitation goals

14. Facilitation covers the formalities, procedures, documents and operations related to international trade transactions. Its goals are simplification, harmonization and standardization so that transactions become easier, quicker and more economical than before. In order to achieve this, facilitation requires consultation between all concerned parties.



(a) Simplification

15. Simplification is the process of eliminating all unnecessary elements and duplications in formalities, processes and procedures.

16. A typical example of simplification is the combination of several administrative documents into one, based on a pre-established format such as the United Nations Layout Key, the International Chamber of Shipping Bill of Lading and the European Union Single Administrative Document.

(b) Harmonization

17. Harmonization is the alignment of national formalities, procedures, operations and documents with international conventions, standards and practices.

18. Typical examples of harmonization are the adherence by a country to the International Maritime Organization’s Convention on the Facilitation of International Maritime Traffic to prevent unnecessary delays to ships and to persons and property on board, and the use of INCOTERMS when referring to internationally accepted trade terms in coded form.

(c) Standardization

19. Standardization in trade facilitation is the process of developing internationally agreed formats for practices and procedures, documents and information.

20. Typical examples of standardization in trade facilitation are the United Nations Layout Key for Trade Documents, the United Nations standard for Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT), and international codes for countries, currencies and locations.

21. It should be noted that the use of technical standards, such as the ISO standards for freight containers, is also a very important element in the facilitation of international trade and transportation.

National trade facilitation bodies

Need for coordination and consultation

22. Facilitation activities must be approached in a coordinated manner to ensure that problems are not created in one part of the transaction chain by introducing solutions to another part. The needs of all parties, both private and public sectors, must be identified before solutions can be found and those best placed to explain their needs are those directly involved in the transaction chain. This requires an effective forum where private-sector managers, public-sector administrators and policy makers can work together towards the effective implementation of jointly-agreed facilitation measures.

23. National trade facilitation bodies provide this important forum. Participants in such bodies should represent all companies and institutions that take part in international trade transactions: manufacturers, importers, exporters, freight forwarders, carriers, banks, insurance companies and public administrations, each with a joint and separate interest in the facilitation of trade. It is only with the active involvement of these participants that impediments can be analysed meaningfully and cooperative solutions devised.

24. Currently many national trade facilitation bodies around the world operate with the support of the trading community and Governments in their respective country. A list of these organizations can be found on the UN/CEFACT web page (<http://www.unece.org/cefact>).
