UNECE/ UNESCAP Workshop

Simplifying Trade Documents

Ulaanbaatar, Mongolia,

October 2009
Role of documents for data exchange in global trade

Simplifying documents: United Nations Layout Key

Simplifying data: Code Lists

Standardising semantic: UN Trade Data Element Directory
Information Links the Supply Chain

INVolVES

BUY
- Prepare For Export
- Export
- Transport
- Prepare For Import
- Import

SHIP
- • Establish Contract
• Order Goods
• Advise On Delivery
• Request Payment

PAY
- • Establish Transport Contract
• Collect, Transport and Deliver Goods
• Provide Waybills, Goods Receipts Status reports etc.

Commercial Procedures
- • Establish Contract
- • Order Goods
- • Advise On Delivery
- • Request Payment

Transport Procedures
- • Establish Transport Contract
• Collect, Transport and Deliver Goods
• Provide Waybills, Goods Receipts Status reports etc.

Regulatory Procedures
- • Obtain Import/Export Licences etc
• Provide Customs Declarations
• Provide Cargo Declaration
• Apply Trade Security Procedures
• Clear Goods for Export/Import

Financial Procedures
- • Provide Credit Rating
• Provide Insurance
• Provide Credit
• Execute Payment
• Issue Statements
Trade Documents and Cross Border Supply Chains

- Goods can’t move faster than the information that controls them
- Information is crucial for efficiency and security of the SC
- Trade Documents are the core means of exchanging this information
- Efficiency of documents and related procedures has a key impact on transaction costs, time and risks
Large document volume in global trade

- UN/CEFACT: export process average: 27 Parties involved, 40+ documents, 300+ copies to manage export processes
- UNCTAD: 5 Bio Trade and Transport documents are issued annually
- Total US international trade documentation annually consumes more than one billion man hours, equal to 600 thousand work years
- Australia: 22 Agencies collect the name of the exporter on 118 different forms
  ..described in 61 different ways
..causing cost and inefficiency

Efficiency of documents and related procedures has a key impact on transaction costs, time and risks:

- **Container clearance costs in Japan:**
  - paper documents: 26” Yen and 23 hours,
  - electronic documents: 11” Yen and 4 hours

- Each day saved in shipping time is be worth 1 %, ad valorem, of the manufactured goods

- Induced costs (storage, non delivery and delays) are often higher than freight and other costs related to shipment

- The same car manufacturer carries 7 days of inventory in Italy, in Morocco 37 days
..and there are many types of documents

- Enquiry
- Despatch advice
- Payment order
- Forwarding instructions
- Goods receipt
- Rail consignment note
- TIR carnet

- Order
- Collection order
- Documentary credit
- Forwarder's invoice
- Sea waybill
- Bill of lading
- ATA carnet

The UN/EDIFACT standard knows 998 different document names!
**Costs to Export: Mongolia Republic/Germany**

**Mongolia**
- **A. Documents Preparation**: $200
- **B. Inland transportation and handling**: $200
- **C. Customs clearance and technical control**: $200
- **D. Ports and terminal handling**: $2500

**Germany**
- **A. Inland transportation and handling**: $85
- **B. Customs clearance**: $30
- **C. Ports and terminal handling**: $425
- **D. Total duration**: 6 days
- **Total cost**: $740

**Mongolia**
- **Total duration**: 64 days
- **Total cost**: $3100

**Source:** World Bank; Doing Business (http://www.doingbusiness.org)
Three aspects of standardization of trade documents:

1. Standard layout for trade documents and rules for modification of the standard layout key

2. Use of Code lists

3. Semantic description of data elements (UNTDED)
<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consignor (Exporter)</td>
<td>Details Reference No. etc.</td>
</tr>
<tr>
<td>Consignee</td>
<td>Rest of other than consignee to clear address</td>
</tr>
<tr>
<td>Name and delivery address</td>
<td>Country whence consigned</td>
</tr>
<tr>
<td></td>
<td>Country of origin</td>
</tr>
<tr>
<td></td>
<td>Country of destination</td>
</tr>
<tr>
<td>Transport details</td>
<td>Terms of delivery and payment</td>
</tr>
<tr>
<td>Shipping marks, Container No.</td>
<td>Number and kind of packages, Goods description</td>
</tr>
<tr>
<td></td>
<td>Commodity No. Gross weight</td>
</tr>
<tr>
<td></td>
<td>Net quantity</td>
</tr>
<tr>
<td></td>
<td>Place and date of issue, Authentication</td>
</tr>
</tbody>
</table>
Three rules for aligning a trade document

- **Rule 1:** Data elements that are specified in the UNLK are placed in the corresponding space in the aligned form.

- **Rule 2:** Data elements that are not specified in the UNLK should be placed in the “free disposal” area of the derived form.

- **Rule 3:** Data elements that are not required in the derived form can be disregarded. This space can be used for other purposes in the same way as the “free disposal” area.
<table>
<thead>
<tr>
<th>Container/Exporter</th>
<th>Details, Reference No. etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Freight other than consigned or other address</td>
</tr>
<tr>
<td>Notify or delivery address</td>
<td>Country whence consigned</td>
</tr>
<tr>
<td>Country of origin</td>
<td>Country of destination</td>
</tr>
<tr>
<td>Transport details</td>
<td>Terms of delivery and payment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shipping marks</th>
<th>Container No.</th>
<th>Number and kind of packages</th>
<th>Goods description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity No.</td>
<td>Gross weight</td>
<td>Cube</td>
<td></td>
</tr>
</tbody>
</table>

Net quantity | Value

Place and date of issue. Authentication.
Codes in trade documents:
Did you say Paris?

There are six locations in the world called “Paris”

<table>
<thead>
<tr>
<th>Location</th>
<th>Code</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>USIL</td>
<td>PRP</td>
<td>Paris</td>
</tr>
<tr>
<td>USKY</td>
<td>PZT</td>
<td>Paris</td>
</tr>
<tr>
<td>USTN</td>
<td>PHT</td>
<td>Paris</td>
</tr>
<tr>
<td>USTX</td>
<td>PRX</td>
<td>Paris</td>
</tr>
<tr>
<td>CAON</td>
<td>PAO</td>
<td>Paris</td>
</tr>
<tr>
<td>FR75</td>
<td>PAR</td>
<td>Paris</td>
</tr>
</tbody>
</table>

The Paris in Canada is identified by CAPAO, the Paris in France by FRPAR

…just try to send a container to Paris in Canada without a UN/LOCODE
Use of Codes for Trade Data

- Language independent
- Avoids costly errors and misunderstandings
- Uniform representation = possibility to integrate into various paper-based and electronic applications
- Maintenance outsourced
- Worldwide usage: by WCO, IATA, FIATA, UPU, UN/EDIFACT, UNLK etc.
UNTED (ISO 7372): Semantic definition of document data

Simplification and standardization of semantic, representation and data content

**3230 Port of loading**

Desc: Name of the port on which the goods are loaded on to the vessel used for their transport

Rep: an..17
United Nations Trade Data Elements (UNTEDED)

3230 Port of loading

Desc: Name of the port on which the goods are loaded on to the vessel used for their transport

Rep: an..17

Informative Annex to Recommendation 1

4. Data elements included

(E/I = Export and import entries; Tr = Transit entries; Or = Certificates of origin; GSP = GSP Certificates; FAO = Phytosanitary certificates; IMO = IMO Cargo declarations)

4.1 Identical to the UNLK

<table>
<thead>
<tr>
<th></th>
<th>UNTDED tag</th>
<th>E/I</th>
<th>Tr</th>
<th>Or</th>
<th>GSP</th>
<th>FAO</th>
<th>IMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference No.</td>
<td>1472</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consignor/Exporter</td>
<td>3336</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Consignee</td>
<td>3132</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery address</td>
<td>3246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country whence consigned</td>
<td>3220</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Most international Trade Documents are aligned to the UN Layout Key
SAD, IATA AWB, FIATA BoL, CITES Certificate, ASEAN CEPT D, GSP …
Many national regulatory documents are aligned to the UNLK
Gaps exist in particular in developing countries and transition economies
Thank You

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