

UN CEFACT Recommendation 34 Data Simplification and Standardization for International
Trade

ODP STEP 5 PUBLIC REVIEW DRAFT – February 2009

RESTRICTED
CEFACT/2008/IT003
February 2009

United Nations
Centre for Trade Facilitation and Electronic Business
(UN/CEFACT)

INTERNATIONAL TRADE PROCEDURES WORKING GROUP (ITPWG) - TBG15

Draft Recommendation 34
Data Simplification and Standardization for International Trade.

SOURCE: The Chair
ACTION: Review of Comment Log for contribution received under Open Development
Process Step 5 – Public Review
STATUS: Public Review Draft

UN CEFACT Recommendation 34 Data Simplification and Standardization for International
Trade

ODP STEP 5 PUBLIC REVIEW DRAFT – February 2009

Economic Commission for Europe

United Nations Center for Trade Facilitation
And Electronic Business (UN/CEFACT)

Draft Recommendation No. 34

**Recommendation on Data Simplification and Standardization
for International Trade**

PUBLIC REVIEW DRAFT
15 October 2008

TBG15 Project Number: P063

ODP Status: Step 6 – second re-iteration

CONTENTS

1. Recommendation
2. Purpose
3. Background
4. Scope
5. Benefits
6. Environment

Annexes

Annex 1 Guidelines for Data Simplification and Standardization

1. Introduction
2. Objective
3. Organizing the Simplification and Standardization Process
4. Data Simplification and Standardization Steps
5. Illustrations of Data Simplification and Standardization Steps
6. The size of the standard data set
7. Achieving greater definition in the UNTDED
8. Consultation with the Trade and Transport community
9. Impact on legacy systems
10. Repository of Case Studies

1. Recommendation

The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), **recommends that governments and those engaged in international trade and the movement of goods should:**

- a) **Capture** - prepare a national trade data inventory of current government agency data and information requirements from automated systems and documents to cover all requirements for the international trade procedures related to import, export and transit.
- b) **Define** – prepare a record giving the name, definition and representation (text, format or code) of each data element; also when the information is required (for release, declaration, pre or post control) and the legal base allowing the relevant agency to demand, collect, view and retain (archive) the information.
- c) **Analyze** – prepare an analysis of the information requirement and data element, establishing whether its need is essential and its use can be demonstrated. While information is identified by name, the meaning (what information is communicated by the data element) and context are more important. The process of analyzing the information consists of gathering together similar data element names and having a full understanding of the definition of each data element and the information requirements.
- d) **Reconcile** – prepare a consolidation of the defined and analyzed trade data inventory through the process of reconciliation. This involves the agreement to use one data element name with a common definition and (or) common coding, and a message reconciled with the international standards of the United Nations Trade Data Elements Directory (UNTD ED ISO 7372)¹ and similar instruments such as the UN/CEFACT Core Component Technical Specification (CCTS).

The result is a **simplified, standardized national dataset** that can be used to provide information requirements in various syntax formats using a range of technologies. Two or more countries could decide to combine their **national datasets** into a bilateral or multilateral dataset for use in providing data exchange in trading agreements.

Further, UN/CEFACT recommends that when creating a simplified, standardized national dataset, Government should engage in an appropriate consultation process that actively involves the trading community and other relevant stakeholders.

The rationale for this recommendation is the need for an internationally agreed, simplified and standardized dataset to be used for submission of trade-related information to government and governmental agencies. The lack of standardized datasets risks duplication of data and consequent redundancy, leading to increased costs and inefficiencies in the international trade transaction. In

¹ United Nations Trade Data Element Directory (UNTD ED): <http://www.unece.org/trade/untdid/UNTD ED2005.pdf>

fact the implementation of a Single Window for International Trade is critically dependent on international simplified and standardized data sets.

2. Purpose

The purpose of this Recommendation is to assist governments in simplifying and standardizing international trade data required to fulfil all import, export, and transit related regulatory requirements, and to encourage the use of international data exchange standards in this process. This Recommendation responds to a stakeholder request at the UN ECE Symposium on Single Window Standards and Interoperability (May 2006) from users of Recommendations 33 (establishing a Single Window) and the implementers, operators and end-users of Single Windows for guidance on creating the minimum requirement for the exchange of data between government and the trading sector.

The Recommendation explains the step-by-step process through which national data elements can be simplified, standardized and linked to a reference data model. It further shows how the reference data model can be used to achieve regional and international agreements on simplification, standardization and automation of cross border data exchange.

Government and all Governmental Agencies should see significant advantages through the removal of redundant data and the elimination of duplication in receiving and recording information. Additionally the quality of the information should improve with more accurate data submissions received earlier in the trade transaction. These advantages should be realized quickly allowing Government to enhance risk management techniques and deploy more effectively scarce resources for combating illegal trade. The overall improvement in official controls will promote trader compliance and secure government revenues.

Government is not the only beneficiary of a simple, standard set of data. A simplified, consistent and predictable official information requirement for trade will also provide the business community with major benefits. A simple set of trade-related data will make it easier for legitimate traders to meet legal, regulatory and administrative requirements by reducing the amount of time, effort and money needed to gather, collate and submit data to meet official obligations. To realize the proven and potential benefits, the business community should be involved in any Government approach to simplify and standardize data for official purposes. Equally the private sector should actively engage in the consultation process to ensure the simpler, standard dataset recognizes commercial realities and the business drivers in the trade transaction.

3. Background

In many countries, companies are required to submit to government vast amounts of data and documents to comply with national and international trade regulations. They must also exchange information with suppliers, customers, support agencies, financial institutions and third party trade intermediaries. The definitions of the data elements required for these processes are often made with little or no coordination among the various government agencies, or indeed among

commercial organizations. As a result, companies² involved in trade and transport must comply with a variety of data requirements, documents and special forms, requiring the repetitive submission of similar or identical information.

This use of non-standard, country-specific, and agency-specific data is highly inefficient in terms of cost and accuracy for both government and trade. Governments need to maintain and develop agency-specific systems and trade and transport operators must develop and maintain multiple interfaces for these sometimes redundant and repetitive reporting requirements. This is also true in the case of non-automated paper-based systems, where traders are required to provide multiple and redundant forms.

The solution to this problem is the simplification and standardization of data elements required for international trade. This is an iterative process of **capturing, defining, analyzing, and reconciling** government information requirements, and then mapping this simplified data to international standards. The objective is to eliminate redundancies and duplication with the ultimate goal of defining one standard set of data and messages that traders and transport operators will provide to meet all governmental information requirements related to import, export, and transit. This use of international standards in trade data exchange supports the principles of standardization and transparency set out in Articles VIII and X of the GATT.

4. Scope

This Recommendation applies to the national, regional and international simplification and standardization of data requirements to facilitate the automated exchange of data between government agencies and between trade and government. It is especially relevant for the establishment of a Single Window, where coordination amongst government agencies and between government and trade is essential (see UN/CEFACT Recommendation Number 33, Recommendation and Guidelines on Establishing a Single Window to enhance the efficient exchange of information between trade and government³).

The international standards fundamental to this Recommendation are the data element names, definitions, and codes detailed in the United Nations Trade Data Elements Directory (UNTDDED)⁴ (ISO 7372), UN/EDIFACT Directories (Electronic Data Interchange for Administration, Commerce and Transport)⁵, UN/CEFACT Core Component Technical Specification (ISO 15000-5), UN/CEFACT Core Component Library⁶, the respective UN/CEFACT Recommendations⁷ and developing UN/CEFACT standards for electronic trade documents and the World Customs Organization (WCO) SAFE Framework of Standards to secure and facilitate global trade.

² Companies include importers, exporters, customs brokers, shipping agents, transport and logistics operators, carriers, freight forwarders, and other parties directly involved in the movement of goods.

³ UN/CEFACT Recommendation Number 33, www.unece.org/cefact/recommendations/rec33/rec33_trd352e.pdf

⁴ United Nations Trade Data Element Directory (UNTDDED): <http://www.unece.org/trade/untdid/UNTDDED2005.pdf>

⁵ UN/EDIFACT Directories: <http://www.unece.org/trade/untdid/welcome.htm>

⁶ UN/CEFACT Core Component Library: http://www.unece.org/cefact/codesfortrade/codes_index.htm#cc1

⁷ UN/CEFACT list of Trade Facilitation Recommendations: www.unece.org/cefact/recommendations/rec_index.htm

This Recommendation defines the necessary tools, processes, and procedures based on best practices in countries where data simplification and standardization have been successfully undertaken.

5. Benefits

The use of international data and messaging standards in the provision of necessary information to governmental agencies for import, export, and transit transactions will be a major benefit to international trade. It will ensure data compatibility among government reporting requirements and will enable governments to exchange and share information with each other, resulting in further facilitation of trade and transport procedures.

Further, the process of data simplification generally leads to the discovery of redundancy and duplication of information. As a consequence, the standardization process often results in reduction of overall data requirements. Another benefit is the stability, consistency and predictability that a standard data set would provide.

The intent of the data simplification and standardization process is to identify and define the known maximum set of data that a trader may have to provide to meet official requirement for international trade. Initially, governments should not require any information outside of the standard data set. Where special control, commodity or product requirements emerge government should consider carefully the need for additional information beyond the national data set. It is important to note that most of the data presently required is conditional, based on the mode of transport, type of transaction, and type of cargo. Traders will never be required to submit the entire data set.

6. Environment

While the focus of this Recommendation is the automated exchange of trade data, the use of internationally simplified, standardized data is not limited to advanced, electronic systems. The data standards are neutral in their application and use, either electronically or paper.

=====

PART TWO

**UN/CEFACT
RECOMMENDATION No. 34**

**GUIDELINES ON DATA SIMPLIFICATION
AND STANDARDIZATION**

*Public Review Draft
February 2009*

Issued as a complement to UN/CEFACT Recommendation No. 34

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and
Standardization for International Trade

INDEX

1. Introduction
2. Objective
3. Organizing the Simplification Process
4. Data Simplification Steps
5. Illustrations of Data Simplification Steps
6. The size of the standard data set
7. Achieving greater definition in the UNTDED
8. Consultation with the Trade and Transport community
9. Impact on legacy systems
10. Repository of Case Studies

1. INTRODUCTION

These guidelines complement UN/CEFACT Recommendation 34 on Data Simplification and Standardization. They are designed to assist governments and trade in simplifying and standardizing international trade information and data requirements for all import, export and transit related procedures. The guidelines are based upon best practices in the United States and Korea, details of which are found in the accompanying Case Studies.

Data simplification is an iterative process of capturing, defining, analyzing, and reconciling government information requirements to produce a standard set of data and messages to meet all legal, regulatory and official obligations for the submission of data related to import, export, and transit procedures.

The **simplified, standardized national dataset** that can be used to provide documents aligned to the UN Layout Key for International Trade Documents and message specifications for electronic data interchange in UN/EDIFACT or XML format⁸. Two or more countries could decide to combine their **national datasets** into bilateral or multilateral datasets similarly to provide documents and message specifications for cross border trade.

The guidelines provide details on the organizational and procedural process necessary to achieve data simplification, the tools that governments can employ to facilitate the exercise, details on domestic simplification implementations already undertaken, and the potential for alignment of domestic requirements to international standards.

2. OBJECTIVE

The objective of data simplification is to eliminate redundancies and duplication in the submission of international trade and transport data to government authorities. The ultimate goal is to define one standard set of data and messages to meet all governmental information requirements related to import, export, and transit procedures. Such a standard set of data reduces cost and complexity for both government and business, supports the provision of more timely and accurate information and, in this way, promotes better risk management, improved levels of security and increased revenue yields with enhanced trader compliance.

3. ORGANISING THE SIMPLIFICATION PROCESS

A key factor in a data simplification process is the selection of a strong lead agency. The lead agency will be responsible for promoting the concept, gaining initial approval to proceed through a robust business case based on a feasibility study, and organizing, planning and committing the resources necessary for the approved exercise.

⁸ The UN/CEFACT Name and Design Rules provide a method to convert a Core Component Based Data Model into a message in XML syntax.

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

Once the lead agency has been selected, it is then necessary to select the other government agencies that will be involved in the project. It is highly unlikely that any government will be able to simplify the relevant trade data of all agencies and departments at one time. Governments should, therefore, consider prioritizing agencies based on volume of data requirements or other government priorities such as revenue yield, the need for official controls in specific trade sectors, or supply chain security. For example, every international trade transaction requires information for Customs, transportation and statistics. Data Simplification and Standardisation projects may wish to consider these governmental agencies in the first tier of the exercise. Another factor for selecting an agency is its willingness and desire to participate in the process. The important point is that after completing the first tier of agencies, the process is repeated as additional agencies see the undoubted benefits and agree to participate, and as additional information requirements are identified.

The best way to start is to form a team dedicated to the task. Team members should have extensive knowledge of international trade procedures, business practices and information requirements. The team should also include data architects who understand data coding, structure, and modelling. Also helpful is to appoint a dedicated person to serve as a liaison with the Governmental agencies, serving as a conduit for information to and from the lead agency. In turn, each Governmental agency must identify a primary contact for organizing the data inventory and simplification.

3.1 Communication

Communication of the simplification objectives, procedures, and steps is critical. After organizing the simplification team, the next step is to hold a series of meeting and briefings for the Governmental agencies to clearly define the roles and responsibilities of the simplification group. After the “kick-off” briefing the agency participants should understand the overall process by which data simplification will be accomplished, the purpose of one-on-one meetings with data architects, the work sessions the agency should participate in, and the approach planned for the work sessions, including the role and responsibilities of the agency.

4. DATA SIMPLIFICATION AND STANDARDIZATION STEPS

a) Capture. The start of the exercise is the preparation of a National Trade Data Inventory. This involves capturing individual Governmental agency information requirements through identifying and listing the data elements. This is accomplished in a number of ways such as a review of agency forms, automated systems requirements, regulations, and administrative processes. This information can be organized in a spreadsheet or other software tool.

b) Define. This step includes recording the data element name, definition, representation (format or code), when the information is required (release, declaration, inspection, pre or

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

post control) and the citation (legal base) of the relevant agency to demand, collect, view and retain (archive) the information.

c) Analyze. The next step is the analysis of the information requirement for each data element. Establishing the need and use of the information requirement is essential. While information is identified by name, the meaning, what information is conveyed by the element, and its context is more important. The process of analyzing the information consists of gathering similar data element names and having a full understanding of the definition and the information required. The use of process models for the national supply chain is recommended. The models for the export and import of key national goods and services, and the main modes of transport should be based on approved modelling techniques such as the UN/CEFACT Modelling Methodology⁹ that is based on the Unified Modelling Language (UML).

d) Reconcile. The final step is the consolidation of the defined and analyzed trade data inventory into a rationalised data set through the process of reconciliation. This involves the agreement to use one data element name with a common definition and (or) common coding, and a standard message reconciled with the international standards of the United Nations Trade Data Elements Directory (UNTDDED – ISO 7372.), the United Nations Trade Data Interchange Directory (UNTDID) and similar instruments such as the UN/CEFACT Core Component Technical Specifications (CCTS). Equally the reconciliation should consider the standards defined in the International Maritime Organisation (IMO) Convention on Facilitation of International Maritime Traffic with the respective transport mode specific recommendations and the World Customs Organization Data Model (WCO DM).

5. ILLUSTRATIONS OF DATA SIMPLIFICATION AND STANDARDIZATION STEPS

Capture

In order to prepare the National Trade Data Inventory, developers can begin by reviewing existing trade forms demanded by government legislation or regulation and commercial documents used by the business community to conduct trade transactions.

If the country has an automated trade processing system, information requirements can also be found by using the logical data model. Initially, the information requirements can be arranged on a spreadsheet, or similar software application such as a database. The layout of the spreadsheet is important and care should be taken to ensure it will be sufficiently flexible yet robust enough to list data fields and transactions. The use of a database could add greater flexibility by allowing links to multiple tables with the enhanced ability to cross reference the information requirements.

Define

The record of the captured information requirements should contain the following fields: data element name, data element description (definition), data element domain (format,

⁹ http://www.unece.org/cefact/umm/umm_index.htm

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

alpha, numeric, or alpha-numeric), information domain (code list), transport mode (maritime, air, rail, road, inland water), process (import, export, transit), use for cargo, means of transport or crew, and the data source (importer, exporter, customs broker, carrier, agent, consignor, consignee, freight forwarder).

Another key element is the legal authority to collect the data. Developers may also wish to capture whether the agency is authorized to collect and (or) view the data, the jurisdiction or source of the legal authority (law, regulation, executive order, administrative procedure) and the expiry date of such authority.

Recommended fields are as follows:

- Agency element number - A reference number for the data element.
- Data element name - The name of the data element being defined. The naming of the data element should reflect the common business terminology used by the agency, not a computer related name
- Data element description - A detailed description of the data element.
- Data type - The data type can be N (Numeric), A(Alpha) or AN (Alphanumeric).
- Data domain - If the data element has a discrete list of values or a range of values, provide the list, range or a reference to the list or range. For example, the data element *country* could be restricted to the values in the ISO country code table.
- Mode of transport - Indicate the mode of transport (maritime, rail, road, air, inland water, other) for which the element is used.
- Process - Indicate if required for export, import or in-transit processes.
- Category of use - Indicate if required for cargo, means of transport, crew, or equipment.
- Legal permission to collect or view - This data attribute identifies whether the agency is legally permitted or competent to collect or view this element. If authority allows collections, enter the word COLLECT, otherwise please enter VIEW
- Source of legal authority - Cite the source of legal authority or jurisdiction to collect or view. The authority may be derived from a specific form, a regulation, legislative mandate, Memorandum of Understanding (MoU) or other. Quote all legal authorities that apply if there are multiple sources. Do not provide the text of the citation.
- Expiration date of legal authority - Provide the date of expiry of the legal permission for the agency to view or collect the data. Specify N/A where the authority does not expire.
- Data source - Indicate if the information is provided by trade, government, or derived. TRADE indicates that the data originates from and is filed by the trading partners, TRANSPORT indicates that the data originates from and is filed by the carrier or means of transport, and GOVERNMENT indicates the data is created by an agency of the government. An example of the latter would be the findings from an investigation. If unsure, enter a letter U here for unknown. DERIVED data is calculated by or extracted from a reference file, e.g. the rate of duty could be extracted from a Harmonized Tariff file, or derived by the computer system from a combination of one or more other data elements.
- Trade Source - Indicate the trading partner who is the usual source or provides the data. If the data source attribute is "TRADE" please identify which party in the

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and
Standardization for International Trade

transaction is responsible for filing the data element. Suggested values are T (trader - importer, exporter, broker, forwarder, etc.). C (carrier) or CARRIER AND TRADER. If unsure, enter a letter U here for unknown

- Timing, when data is required and provided - Identify the point of the transaction's lifecycle at which the agency expects to have access to the data element. Suggested values are: PRE-ARRIVAL, ARRIVAL, RELEASE, POST RELEASE or DATAWAREHOUSE etc.). If unsure, enter a letter U here for unknown.
- Agency flow source - If the DATA SOURCE is "GOVERNMENT", identify the agency that creates this element.
- Remarks/Comments - Free form text that can be used to annotate the data element.

Upon receipt of the survey from the Governmental agencies, the data simplification team must aggregate or merge the agency responses into a comprehensive spreadsheet. The following is an abbreviated representative sample of this aggregation.

Illustration 1 - Sample aggregation of results of agency survey

| NAME | DESCRIPTION | TYPE | SOURCE | MODE |
|----------------------------|--|--------------------------------------|-------------------------------|---------------------------|
| Port of Unloading | Location where goods are removed from the ship | 4 digit proprietary Code | Carrier | Ship |
| Port of unloading | Airport where consignment is taken off the airplane | 4 digit proprietary Code | Carrier | Air |
| Domestic Port of Unloading | Domestic port where merchandise is removed mode of transport | 4 digit proprietary code UNLOCODE | Carrier Broker Importer | Air, Rail, Ship, Truck |
| Domestic Port of Unlading | Domestic airport where consignment is taken off the airplane | UNLOCODE | Carrier | Air |
| Foreign Port of Unloading | Foreign port where merchandise is unloaded from the conveyance | 5 digit proprietary code | Carrier Exporter | Air, Rail, Ship, Truck |
| Foreign Port of Unlading | Foreign airport where consignment is taken off the airplane | 5 digit proprietary code UNLOCODE | Carrier | Air, Ship |

Analyze

The data simplification team is responsible for conducting the analysis of the data elements. In Illustration 1 (see above), an analysis of the six elements revealed a similarity of names (unlading or unloading) and while there were minor variations in the definitions, e.g. domestic or foreign, the essence of the definition is the location where the goods are removed from the transport conveyance. The terms "unlading" and

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

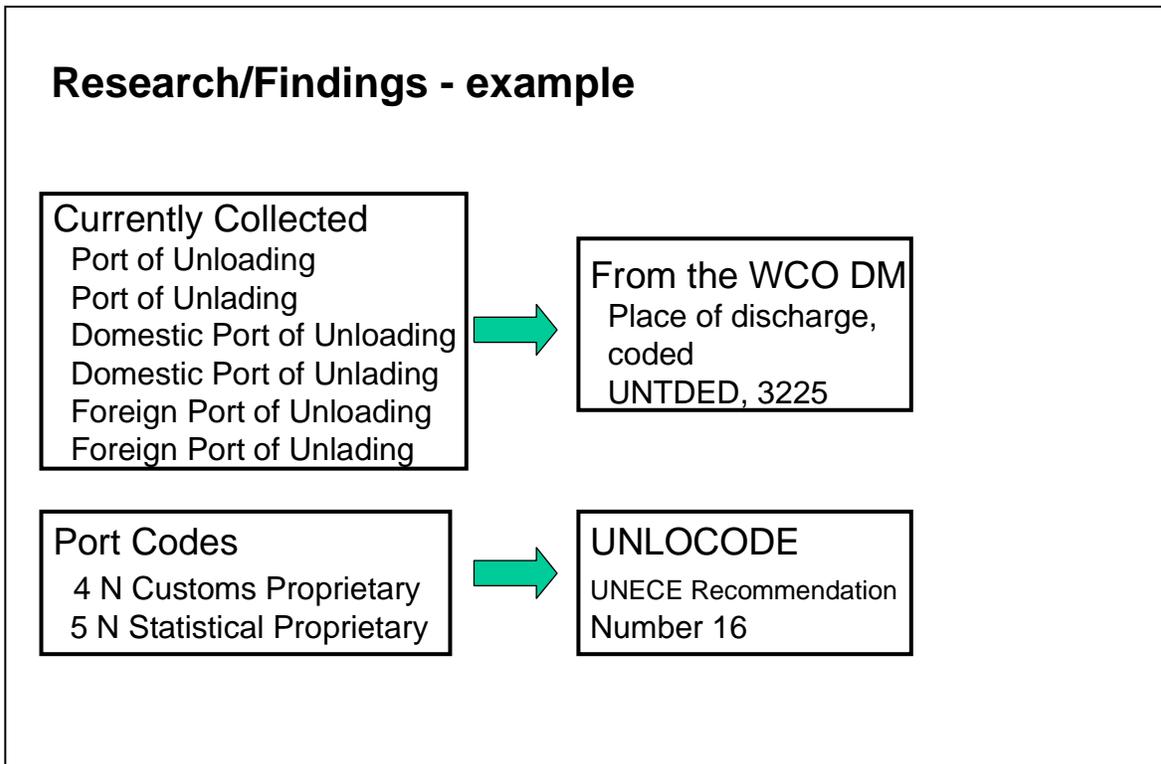
"unloading" are synonyms. Further, the terms "foreign" and "domestic" could be defined by the type of transaction. An export would show a foreign location and an import would show a domestic location.

The analysis also revealed that there were three different coded representations of the element, a four-digit code, a five-digit code, and the United Nations Location Code (UNLOCODE), UN Recommendation 16.

Reconcile

The first step of reconciliation is to arrive at a single data name. The analysis step determined that unloading and unlading were synonyms, so simplification could determine to use the term "unlading." Since foreign or domestic can be determined by function (export or import transaction) these words could be eliminated. The reconciled name could become "port of unlading" and, if agreed, this data element is checked against the international standard of the UNTDED. Port of unlading is not included in the UNTDED, instead the term that accurately reflects the meaning is "place of discharge." The issue of a coded representation was resolved by agreement to adopt the international standard of the UNLOCODE (Recommendation 16).

Illustration 2 - the simplification and standardization process detailed above.



The data aggregation and reconciliation process represented graphically in Illustrations 1 and 2 above shows the way six individual information requirements were reduced into a single data element. Further the example illustrates how two proprietary and differently formatted codes could be simplified to a single, internationally agreed and standard code.

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

The examples should be viewed as the research and findings of the capture and definition phase and the later reconciliation processes for **actual information requirements** demanded by Governmental agencies and notified in the survey results. The process does not attempt to redefine the information requirements or identify other uses or functions of the data elements, but to reduce their number and create a simplified, standardised data set.

The lead agency data simplification team can undertake much of this work, but the decisions must be verified and agreed by the stakeholder Governmental agencies. Given the broad range of data requirements it is more efficient to focus the meetings with Governmental agencies on specific ranges of data element. One way to establish these focus groups is using the data element categories of the UNTDED. The use of this categorization can also be included in the spreadsheet to list the data elements.

- Group 1: Documentation references (0001-1699)
- Group 2: Dates, times, periods of time (2000-2799)
- Group 3: Parties, addresses, places, countries (3000-3799)
- Group 4: Clauses, conditions, terms, instructions (4000-4799)
- Group 5: Amounts, charges, percentages (5000-5799)
- Group 6: Measures, identifiers, quantities (other than monetary) (6000-6799)
- Group 7: Goods and articles: descriptions and identifiers (7000-7799)
- Group 8: Transport modes and means, containers (8000-8799)
- Group 9: Other data elements (Customs, etc.) (9000-9799)

Continuing with the example of "place of discharge" a meeting of the agencies interested in Group 3 data elements: Parties, addresses, places, countries (3000-3799) would take place. The agencies would be asked to agree that the term "place of discharge" and the UNLOCODE coded representation would meet their requirements. **Accordingly, one data element would replace six previous information requirements and one code would replace two separate, different coded representations.**

6 THE SIZE OF THE STANDARD DATA SET

As governments and their business communities begin the data simplification process, there is an understandable concern about the size of the eventual standard data set. While it may well be large, it is intended to be the maximum set of data that a trader may have to provide to government. The important message to deliver to traders and transport operators is that the entire data set will never be required for any one trade transaction. The standard data set must cover all data used for information exchange for import, export, and transit, all modes of transport (air, maritime, road, rail, etc.), and the requirements of all Governmental governmental agencies. Logically and logistically it would be impossible to require all of the data for any one trade transaction.

As noted in the "place of discharge" example used in these Guidelines, the elimination of redundancy and duplication actually resulted in a net reduction. Six elements were reduced to one and similarly three coding schemes were reduced to one code.

7 ACHIEVING GREATER DEFINITION OF ELEMENTS IN THE UNTDED

Initially, the simplification and standardization process may find it difficult to achieve a precise definition of data in the UNTDED. However, by combining codes, the UNTDED can provide a clear definition of data elements. The following examples demonstrate this capability. To define a date, use UNTDED Tag Number 2000 Date and combine this element with UNTDED Tag Number 2005, Date or time or period function code qualifier. Tag Number 2005 is a code list with over 700 qualifiers to define the activity of the given date.

Another example is the identification and function of a party. Using UNTDED Tag Number 3036 Party name (in text) or UNTDED Tag Number 3039 Party identifier (code) identifies the party in the transaction. Combining either of these two data elements with UNTDED Tag Number 3035, Party function code qualifier, defines the role of the party. There are several hundred different function code qualifiers in Tag Number 3035 such as: MF. Manufacturer of goods; CB. Customs broker; CZ. Consignor; and IM. Importer.

8 CONSULTATION WITH THE TRADE AND TRANSPORT COMMUNITY

Recommendation 33, paragraph 8.3 notes the importance of partnerships between government and trade. After the Governmental agencies have agreed to the standardized data set, the data rationalisation team should present it to the trade and transport community and invite the involved parties to review the final product.

9 IMPACT ON LEGACY SYSTEMS

One problem that data simplification and standardization projects may encounter is the effect of the use of international standards on legacy systems. For example, if a country uses proprietary coding for locations, legacy systems (for risk management, screening, targeting and accounting) are based on the proprietary scheme. Until such time as there is an overall conversion to the new data element names and coding, countries and traders may have to implement translation capabilities. This translation must convert the new international standard data set and translate it to data element names familiar to users and to those codes used in the legacy systems.

10 REPOSITORY OF CASE STUDIES

The Guidelines contain two Case Studies from countries that have undertaken a data simplification and standardization project. The case studies demonstrate there is no unique methodology for conducting and completing the project as each country must modify the approach to meet the specific national requirements and conditions. However, the case studies demonstrate successful operational models for producing a simplified, standardised national dataset.

UN CEFACT plans to expand the number of Case Studies over time. Countries are encouraged to submit the results of national simplification and standardization projects for inclusion in a developing reference library. These would supplement the three Case Studies in the Guidelines and help build a Repository similar the one that supports Recommendation 33 - Establishing a Single Window.

CASE STUDIES

United States of America Case Study for Single Window Data Harmonization

The accompanying data flow/process chart illustrates the process used by US Customs and Border Protection (CBP) for data harmonization for the International Trade Data System (ITDS), the US Single Window. ITDS followed the steps of capturing, defining, analyzing, and reconciling noted in Recommendation 34.

Beginning at the upper left, and culminating at the lower right, each step shown in the boxes are explained in the following:

1. “Capture Agency Data Elements” - The ITDS data team captured agency data elements from several sources. The initial step was to inventory agency forms used for international trade and listing the agency data elements. To supplement and verify the forms inventory, each agency was requested to complete an excel spreadsheet questionnaire. This questionnaire focused on the data element name and, most importantly, the definition of the element. Attributes of each data element (format, source, use, etc.) was also collected. Based upon this initial analysis, the ITDS Harmonization Team established a baseline or benchmark ITDS Standardized Data Set (SDS).
2. “Cluster PGA¹⁰ Data Elements” – Identical and similar data elements were clustered into categories. The use of excel allowed several different categories. One clustering was based on the first digit (1-9) of the UNTDED¹¹ data element Tag Number. This clustering aids analysis.
3. “Identify Similar Data Elements” – The ITDS team identified similar data elements. For example, the term vendor and seller were identified as being synonyms and thus candidates for harmonization into one element.
4. “Conduct Data Harmonization and IPT¹² Kick-off” - Representatives (lead contact) of each PGA attended the harmonization kick-off meeting to familiarize agencies with the data harmonization process.

¹⁰ PGA is Governmental Government Agency. A more familiar term used by many countries is Other Government Agency or OGA. ITDS determined that the use of OGA relegated agencies to a less important role compared to the lead ITDS agency. As a result, ITDS prefers the use of the term PGA.

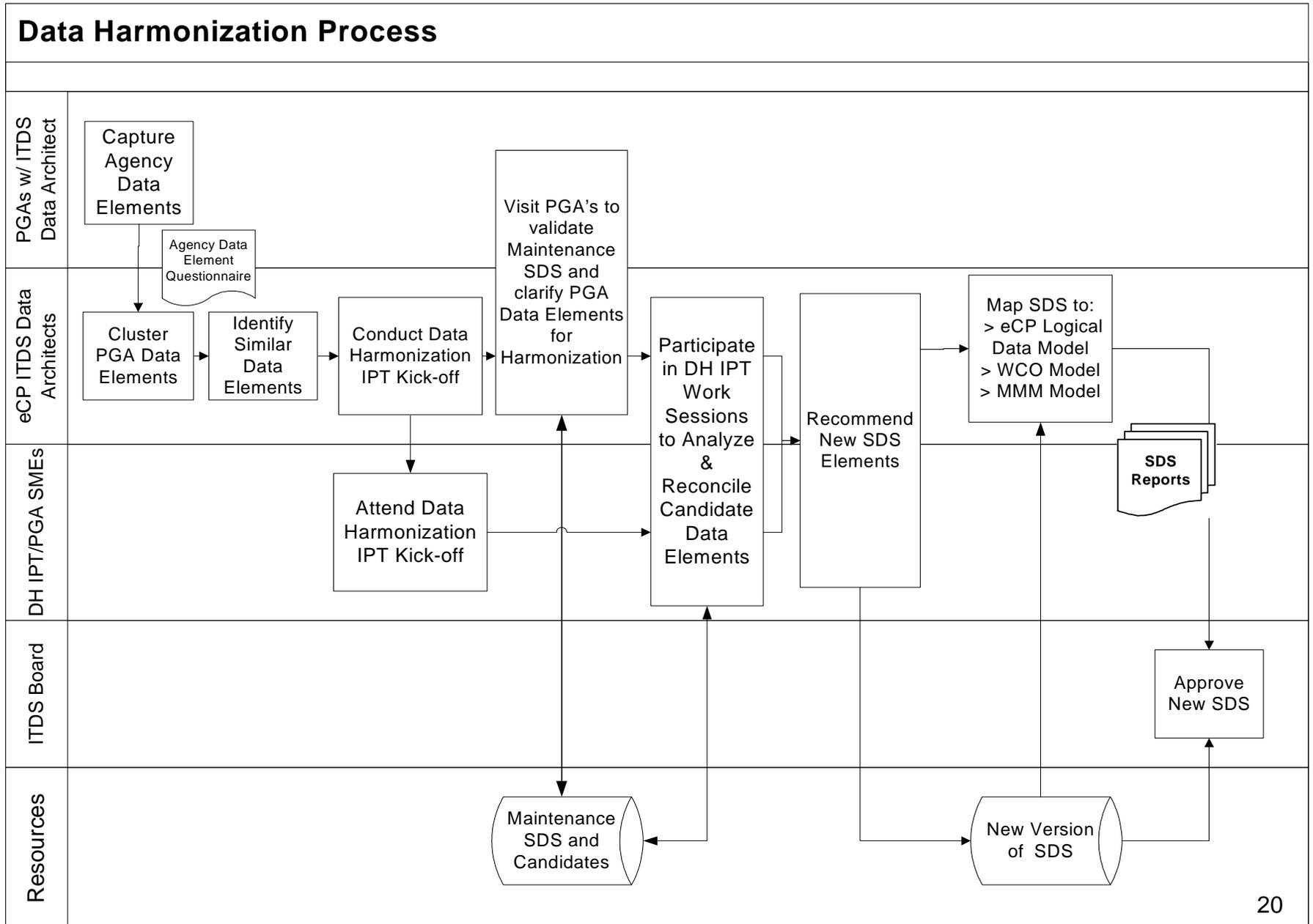
¹¹ UNTDED - United Nations Trade Data Elements Directory

¹² IPT – Improvement Process Team

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

5. “Visit PGA’s to validate...and clarify...” – The forms analysis and questionnaire provided a basis for harmonization, however, there were many instances when additional information and clarification of a data element was needed. To gain expertise and in agency requirements, ITDS data architects were assigned to specific agencies.
6. “Participate in DH IPT Work Sessions...Reconcile Candidate Data Elements” – Several work sessions were held for PGA’s. These work sessions focused on similar agencies such as agriculture, food safety, environment, statistics, etc. Other work sessions focused on related data elements identified by element clusters (see item 2, above) such as transport, dates/times, locations, etc. Note that this process include the define, analyze, and reconcile steps of data harmonization.
7. Items 5 and 6 were iterative processes that resulted in modifications to the ITDS SDS noted in “Maintenance SDS and Candidates.” The term candidates in this context are data elements that did not appear in the baseline SDS that needed to be added to the ITDS SDS.
8. “Recommend New SDS Elements” - The results of activities in 5, 6, and 7 resulted in recommendation of harmonized data element to be added to the ITDS SDS.
9. “Map SDS to: >eCP Logical Data Model >WCO Model >MMM Model” – The ITDS SDS was mapped to the current and future logical data model, to the World Customs Organization, and US Multi-Modal Manifest Data Models.
10. Items 8 and 9 were iterative processes in which gaps and discrepancies were identified and resolved resulting in a new version of the SDS. Since the US is basing its Business- to-Government (B2B) Government-to-Government (G2G) requirements on the WCO DM, ITDS SDS requirements are carefully mapped to the WCO standard. If an element is not included in the WCO DM, appropriate recommendations are made to the WCO for inclusion if these elements in the WCO Data Model.
11. A series of SDS reports are provided to PGA’s and the trade community for review and comment. These reports are agency-specific, process specific (import, export, transit), and trade specific (Customs broker, transporter), etc.
12. Review and comments are incorporated into the SDS where it is approved by the governing ITDS Board of Directors.

CBP has completed this harmonization process with twenty-three Governmental Government Agencies. Over 10,000 data elements were gathered. These have been consolidated into approximately 500 elements. Additional consolidation is ongoing. Gap analysis between ITDS and the WCO DM is taking place and appropriate action will be taken to add ITDS Single Window requirements to the WCO DM.



Republic of South Korea

Single Window Data Harmonization in Korea Customs area

□ **Background**

- Launching a Single Window project participated by 17 trade-related agencies including the Korea Customs Service (KCS) under 「the National Project for Innovation of Comprehensive Logistics Information Service」, one of 31 tasks of Korea's e-Government
- Establishing Single Window over 3 phases from Dec. 2004 to Feb. 2007 by investing a total of 6 billion won or \$6.5 million
 - Phase 1 (Dec. 2004~Jun. 2005): Standardization of marine/air conveyance report and passenger/crew list (with the participation of 5 agencies related to customs, immigration and quarantine¹⁾)
 - Phase 2 (Sep. 2005~Jun. 2006): Establishment of internet-based Single Window connecting 8 Governmental government agencies²⁾, free notification service of acceptance and approval of declarations
 - Phase 3 (Aug. 2006~ Feb. 2007): Upgrade and expansion of Single Window to include additional 4 Governmental government agencies³⁾

□ **Phase 1: Single Window Data Harmonization for Arrival/Departure Report**

- Common utilization of data in the marine manifest and the cargo/container carry-in/release report, respectively submitted to the Customs and the Ministry of Maritime Affairs and Fisheries (MMAF)
 - Modifying the MMAF report form to the Customs manifest form to enhance user convenience while minimizing changes to the existing electronic system at each agency
 - Removing 4 existing data elements and adding 8 data elements from the Customs manifest in the MMAF cargo/container carry-in/release report
 - Automatically dividing 66 data elements submitted by a shipping company at a time through Single Window into 20 common elements, 34 KCS-unique elements and 12 MMAF-unique elements and transmitting them separately

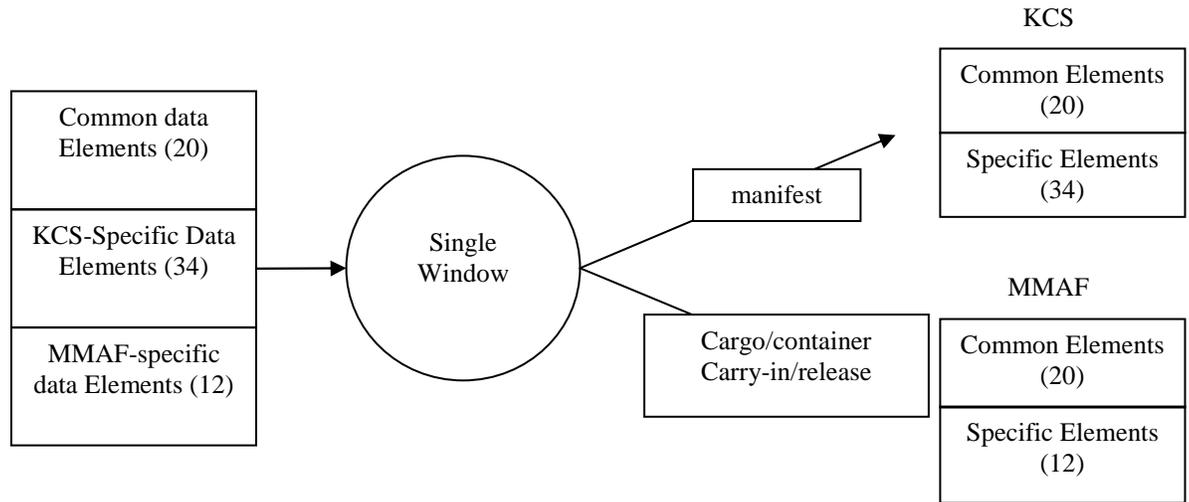
1) KCS, Immigration Office, National Quarantine Station, Ministry of Marine Affairs and Fisheries, Aviation Administration

2) Korea Food and Drug Administration, National Plant Quarantine Service, National Fisheries Products Quality Inspection Service, National Veterinary and Quarantine Service, Korea Medical Devices Industry Association, Korea Dental Trade Association, Korea Pharmaceutical Traders Association, Korea Animal Health Products Association

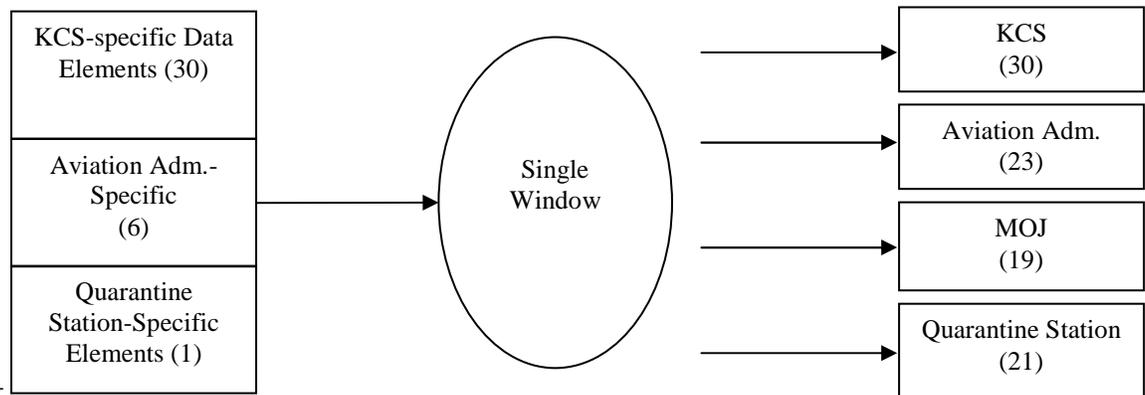
3) Korea Environment & Merchandise Testing Institute, Korea Toy Industry Cooperative, Korea

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

to the agencies

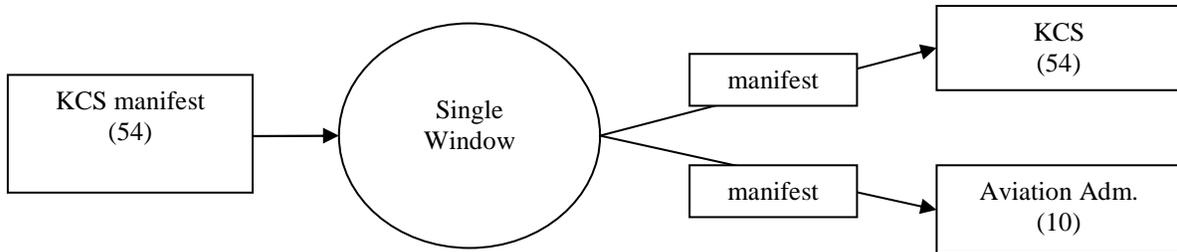


- Common utilization of data in the airline conveyance report, passenger/crew list
 - Utilizing data in already informatized arrival/departure reports and passenger/crew lists without changing agency-unique forms
 - Harmonizing data elements by adding unique elements for the Aviation Administration and the Quarantine Station to the Customs declaration form
 - Automatically dividing 37 data elements submitted by an airline at a time through Single Window into 33 elements for KCS, 23 elements for the Aviation Administration, 19 elements for the Ministry of Justice and 21 elements for the Quarantine Station.



- Common Utilization of data in the airline manifest
 - Selectively providing the Aviation Administration with its required data elements from the manifest presented to the Customs, eliminating the necessity of an airline's manifest submission to the Aviation Administration

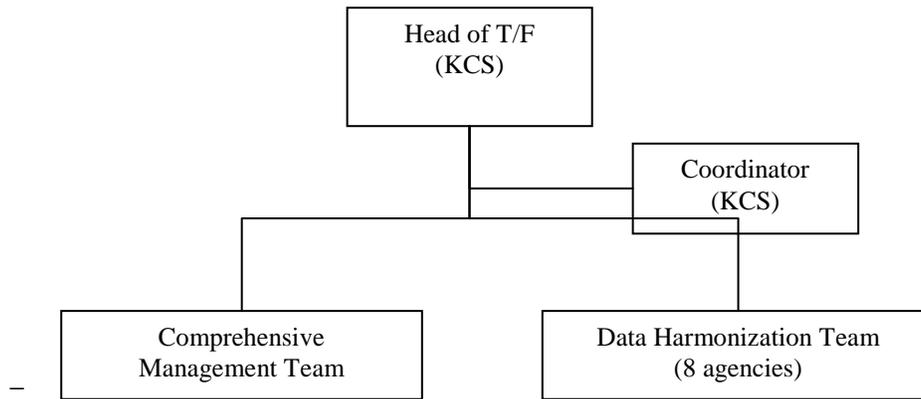
UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade



Phase 2 : Data Harmonization for Customs Clearance Single Window

○ Composition of Task Force (T/F) Team

- Forming a T/F team for data harmonization consisting of KCS and 8 import/export related government agencies including the Korea Food and Drug Administration (22 officials)
-



- Operating for 8 months from Apr. 2004 to Mar. 2005
- Conducting analysis of business process and classification, confirmation, analysis and arrangement of declared data through more than 16 rounds of working-level meetings and opinion sharing

○ Data Harmonization process

□ Selection of government agencies that will participate in data harmonization

- A total of 65 agencies are engaged in the confirmation of import/export requirements under 55 laws and regulations, and 30 out of the 65 agencies are involved in the business to be confirmed by a customs collector under 29 laws and regulations.
- KCS decided to include in Single Window 8 government agencies covering about 92% of import entries and undertook the harmonization process.

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

<Agencies Governmental in Single Window>

| Laws and regulations | Agency | Percentage | Others |
|---|--|-------------------|---------------|
| Food Sanitation Act | Korea Food and Drug Administration National Fisheries Products Quality Inspection Service | 45% | 92% |
| Plant Protection Act | National Plant Quarantine Service | 17% | 92% |
| Processing of Livestock Products Act | National Veterinary and Quarantine Service | 3% | 92% |
| Act on the Prevention of Livestock Epidemics | National Veterinary and Quarantine Service | 5% | 92% |
| Pharmaceutical Affairs Act Cosmetics Act Medical Device Act | Korea Pharmaceutical Traders Association Korea Animal Health Products Association Korea Medical Devices Industry Association Korea Dental Trade Association | 22% | 92% |
| Others | | 8% | |
| Total | | 100% | |

- Identification and classification of data elements to be harmonized
 - Inventorying 542 data elements in 8 agencies' 10 forms in comparison with UN/TDED
 - Arranging 'form number', 'data element name', 'data element description', 'segment', 'line number', 'data element ID', 'data length', 'code', etc. of each form

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

<Example: Classification of data elements in the food import declaration of the Korea Food and Drug Administration>

| ID | Name | Definition | LINE REF. | SEGMENT | DATA EL. | DATA REP. | | | Remarks |
|-----------------|--------------------------|---|------------|---------|----------|--------------|---------------------|-----|--|
| | | | | | | UN DIR. LEN. | USED LEN. | M/C | |
| 11 | Total declaration amount | Total USD of value declared in a single declaration | 7 | MOA | C516 | | | (M) | 128 : Total amount of declaration value © : USD |
| | | | | | 5025 | an..3 | an3 | M | |
| | | | | | 5004 | n..18 | n..10 | M | |
| | | | | | 6345 | an..3 | an3 | M | |
| Segment Group 2 | | | | | | M, 6 | (NAD-GIS-SG.3-SG.4) | | |
| | Applying authority | Code of applying authority | SG.2 10 | NAD | 3035 | an..3 | an2 | M | DO : Document recipient © : 115 : Inspection agency MHW : Ministry of Health & Welfare |
| | | | | | 0082 | | | M | |
| | | | | | 3039 | an..17 | an3 | M | |
| | | | | | 1131 | an..3 | an3 | M | |
| | | | | | 3055 | an..3 | an3 | M | |
| 5 | Applicant(Cargo Owner) | Details on applicants | SG.2 10 | NAD | 3035 | an..3 | an2 | M | DT : Applicant © : Applicant name © : Company name 1 © : Company name 2 © : Address 1 © : Address 2 © : Zip code |
| | | | | | 0082 | | | N | |
| | | | | | 0058 | | | N | |
| | | | | | 0080 | | | M | |
| | | Applicant name | | | 3036 | an..35 | an..20 | M | |
| | | Company name 1 | | | 3036 | an..35 | an..30 | M | |
| | | Company name 2 | | | 3036 | an..35 | an..10 | C | |
| | | | | | 0059 | | | M | |
| | | Address 1 | | | 3042 | an..35 | an..30 | M | |
| | | Address 2 | | | 3042 | an..35 | an..10 | C | |
| | | | | | 3164 | | | N | |
| | 3229 | | | N | | | | | |
| Zip code | 3251 | an..9 | an..6 | M | | | | | |

□ Analysis and reconciliation for data harmonization

- As a result of the comparison between the Customs import declaration and 6 document forms required of importers by 3 agencies including the Korea Food and Drug Administration under 6 import-related laws and regulations, an average of 48% of data elements had identical definitions. By comparison with WCO CDM V1.1, 65% of them could be adopted as common data elements.

<Comparison between the Customs import declaration and requirement confirmation

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

documents>

| Legal basis | Relevant agency | Common elements | Non-common elements | Total | Percentage of common elements |
|--|------------------------------------|-----------------|---------------------|-------|-------------------------------|
| Food Sanitation Act | Korea Food and Drug Adm. | 25 | 32 | 57 | 44% |
| Plant Protection Act | Ministry of Agriculture & Forestry | 18 | 18 | 36 | 50% |
| Processing of Livestock Products Act | " | 25 | 19 | 44 | 50% |
| Act on the Prevention of Livestock Epidemics | " | 7 | 10 | 17 | 41% |
| Pharmaceutical Affairs Act | Korea Food and Drug Adm. | 20 | 27 | 47 | 43% |
| Toxic Chemicals Control Act | Ministry of Environment | 4 | 3 | 7 | 57% |
| Total | 6 Acts, 3 agencies | 99 | 109 | 208 | 48% |

<Comparison between WCO CDM and requirement confirmation documents>

| Distinction | Common elements | Non-common elements | Total | Percentage of common elements |
|--|-----------------|---------------------|-------|-------------------------------|
| Customs import declaration | 97 | 48 | 145 | 67% |
| Food products, etc. import declaration | 29 | 28 | 57 | 51% |
| Plants, etc. inspection application | 25 | 11 | 36 | 69% |
| Livestock products import declaration | 30 | 14 | 44 | 68% |
| Animal quarantine application | 11 | 6 | 17 | 65% |
| Standard clearance schedule report | 31 | 16 | 47 | 66% |
| Toxic chemicals, etc. confirmation certificate | 5 | 2 | 7 | 71% |
| Total | 228 | 125 | 353 | 65% |

- Classifying 185 data elements out of 542 elements in 10 forms as common data elements based on their definitions by UN/TDED and WCO CDM V1.1., according to the analysis results of the Customs import declaration and requirement confirmation documents, and eliminating 255 data elements <Data harmonization in 10 declaration forms>

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

| Act | | Import requirement documents | Total data elements | common elements | Non-common elements | Elimination |
|--|-----------------|---|---------------------|-----------------|---------------------|-------------|
| Processing of Livestock Products Act | | Livestock products import declaration | 55 | 27(49%) | 14 | 14 |
| Act on the Prevention of Livestock Epidemics | | Animal quarantine application | 23 | 16(70%) | 4 | 3 |
| " | | Livestock products quarantine application | 25 | 19(76%) | 4 | 2 |
| Plant Protection Act | | Plants inspection application | 52 | 21(40%) | 11 | 20 |
| Food Sanitation Act | Food products | Food products, etc. import declaration | 93 | 22(24%) | 30 | 41 |
| Food Sanitation Act | marine products | " | 79 | 24(30%) | 16 | 39 |
| Pharmaceutical Affairs Act, Cosmetics Act | | Standard clearance schedule report | 88 | 22(25%) | 13 | 53 |
| Medical Device Act | | " | 51 | 15(29%) | 9 | 75 |
| " (dental device) | | " | 51 | 15(29%) | 9 | 75 |
| Pharmaceutical Affairs Act(for animal) | | " | 28 | 19(68%) | 1 | 8 |
| 7 Acts | | 10 | 542 | 185(34%) | 102 | 255(47%) |

- Revision of relevant laws and regulations and establishment of integrated declaration system
 - Based on the data harmonization results conducted by the T/F team, Governmental government agencies have revised relevant laws and regulations to build the legal basis for the modification of data element names, acceptance of a declaration through Single Window, notification of approval, etc.
 - KCS has established the integrated one-stop declaration system through which users can submit over the internet their application and import declaration data for 10 forms in 8 relevant agencies at a time.

□ **Phase 3 : Data Harmonization for Extensive Single Window**

- Undertaking data harmonization in 2 document forms under 2 Acts with 4 additional government agencies joining Single Window
- Following the same procedure as in the Phase 2
 - Deciding to classify 28 out of 48 data elements as common elements and eliminating 5 data elements

UN/CEFACT Recommendation 34 – Guidelines on Data Simplification and Standardization for International Trade

□ **Expected Effect**

- Provision of one-stop service through Single Window enabled by data standardization
 - Cutting the customs clearance time through one-stop service from inspection and quarantine to import/export declaration with a single submission of customs data
- Reduction of corporate logistics costs including EDI transmission fees by adopting the internet-based system
 - Freeing importers and government agencies from the burden of EDI transmission fees by shifting the application for requirement confirmation and import declaration into the internet-based forms
- Enhanced operational efficiency through data sharing between the Customs and Governmental government agencies
 - Enabling data sharing between the Customs and government agencies and real-time provision of operational data to clients by establishing Single Window

□ **Future Plan**

- By conducting the Single Window project at the national level for trade facilitation and seamless logistics flow, Korea Customs established Single Window for the conveyance report and customs clearance participated by 16 relevant agencies.
- In addition, harmonization of similar forms and data elements and simplification of declaration procedures have enhanced user convenience and reduced logistics costs.
- However, in order to build a international trade Single Window which enables advance information exchange among nations, it is prerequisite to standardize data elements to be declared to Governmental government agencies around the world.
- Therefore, the Korea Customs Service will actively join WCO's efforts to create Data Model V3.0 and communicate the significance of international standards to Governmental government agencies. At the same time, KCS plans to undertake the standardization of data elements to be submitted to Single Window upon the completion of WCO DM V3.0 in 2008.