

Dear Mr. Thompson,

Let me kindly draw your attention to the following:

The rapid growth of International trade and its globalization, along with the development of information technologies and the new solutions and practices emerged, could not but affect the relationship between sellers and buyers, suppliers and recipients, carriers and representatives of regulatory authorities - all participants in the international supply chain, which is a complex mosaic picture with a variety of relations and relationships.

The International Chamber of Commerce (ICC), following its well-established practices and policy, as the representative of the world business community interests, did not remain aloof from these processes and continued on drafting the new version of the Incoterms® 2020 Rules.

For the first time in 1936, the International Chamber of Commerce published the International Rules for the interpretation of Trade terms, known as Incoterms 1936. Amendments and changes were then introduced in 1953, 1967, 1976, 1980, 1990, 2000, and 2010, in order to align the rules with the latest international trade practices.

It cannot be denied that the introduction of a set of standard rules and interpretations has improved and facilitated international business transactions. In addition, these sets of standard rules have changed over time in the same way as international trade parameters.

As a key issue of the celebration of the Centenary of its foundation, the International Chamber of Commerce will publish Incoterms® 2020 Rules, which will enter into force on January 1, 2020.

Incoterms® simplifies contracting so that by using a 3-letter acronym + the point of delivery, the following issues could be accurately estimated:

- Place of departure, *en route* (transit) and destination;
- Point of transfer of risk associated with the goods;
- Distribution of transportation costs;
- Obligations in terms of export and import customs procedures, etc.

Electronic business is a critical issue that covers digital aspects of the full scope of import-export of goods and services, including, but not limited to, fields such as trade, customs, logistics and cross-border operations. The main goal of harmonization in paperless trade is the introduction of electronic operations within the supply chain.

The tendency to conduct electronic transactions leads to increase of flows of goods of smaller and more frequent shipments of goods as well as raw materials. Globalization of markets has led to a growing need for even more efficient and effective information flows. The solution to achieving effective information flows through international markets is to use common procedures and processes based on the use of globally agreed standards. This approach entails the need for precise data definition mechanisms and common coding systems to represent specific data elements.

At the same time, Incoterms® is a kind of international standard, and is usually used in export-import documents, such as International contracts, Letters of Credit, Invoices, Statements, Certificates of Origin and CMR note, Bill of Lading, including FBL, SAD, as the information to clarify import requirements and applicable shipping practices.

To date, UN/CEFACT has published 3 versions of Recommendation 5: namely -1990, 2000, 2010.

As defined in UNECE Recommendation No. 5: *Abbreviations of Incoterms, Alphabetic Code for Incoterms*, “UN/CEFACT recommends the abbreviations of the trade terms annexed here to be adopted and used by Governments, international organizations and business whenever these trade terms are referred to in abbreviated form and mutually promote their use in support of a common approach to trade facilitation”.

The main task of harmonizing electronic logistics in international trade is to provide accurate information on the transport of goods and goods at any time, from the place (or point) of departure to the place of destination via transit countries.

For example, the use of Incoterms® in primary trade and transport documents in the recommended format “[selected Incoterms rule] [named port, place or point] Incoterms 2020” ***in combination*** of 2 UNECE recommendations, namely- Recommendation 5: Abbreviation of INCOTERMS, Alphabetic code for Incoterms” and Recommendation 16: “UN/LOCODE - Classification of ports and other locations” shall allow all parties involved in the international supply chain to obtain the exact and necessary information. In an electronic record, it will look like, for example, “DAP, UA ODS, No 123, ABC Street, Incoterms 2020”. Moreover, the entry in the LOCODE directory has all the additional information both for trading partners and carriers and forwarders, as well as for customs and other regulatory authorities, such as country, city, territorial unit, the functional purpose of the point (port, airport, railway station, etc. .), the status of the item, com approved, and when, as well as the coordinates. LOCODE is also used in many boxes (fields) of trade, transport and administrative documents.

In conjunction with other UN/CEFACT deliverables and on its’ basis, this will lead to further simplification of procedures and dynamic growth of trade, transparency and predictability of actions of trade participants of regulatory bodies, as well as the implementation of Intelligent Transport Systems and achievement of the SDGs.

In continuation of our point of view, expressed at the UNECE International workshop in Odessa in May 2019, regarding the steps aimed at harmonizing documents and data and their reuse, we suggest considering the following issues:

1. Prepare a new edition of Recommendation 5: Abbreviations for INCOTERMS, Alphabetic Code for “Incoterms® 2020”, or;
2. Prepare a new edition of Recommendation 5: Abbreviation for INCOTERMS, Alphabetic code for Incoterms® - Universal, which will take into account the provisions of Incoterms® 2020 and shall cover alphabetic codes of previous versions of Incoterms® for universal application in a Unified (joint) code list.

We hope that this proposal will be considered as part of the implementation of the MEMORANDUM OF UNDERSTANDING BETWEEN THE INTERNATIONAL CHAMBER OF COMMERCE (ICC) AND THE UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE (UNECE), UN/CEFACT in cooperation with representatives of business community and shall be a worthy joint contribution to trade facilitation, and shall take its place in the set of UN/CEFACT Recommendations as the UN and ICC 100th Anniversary package.

In our turn, we are ready to support the implementation of this joint project.

Kind regards,

Oleg Platonov,  
Head of the Delegation of Ukraine  
to the UN/CEFACT

