

## UN Statistics Division

**Speaking notes of Gerard Hartsink for the UN Statistics Webinar series on the Global Initiative on Unique Identifiers for Businesses: webinar # 3 on 18 January, 2024;** see <https://unstats.un.org/unsd/business-stat/Webinar-Unique-BusinessID.cshtml>

1 **Trade statistics** of the international supply chains are very relevant for policymakers of the public sector and of the private sector (trade associations, businesses, development banks and academics) including for ICC ([www.iccwbo.org](http://www.iccwbo.org)) and its National Committees (<https://iccwbo.org/national-committees/>). ICC welcomes the UN Global Initiative on Unique Identifiers for Businesses.

### 2. ICC

ICC is the institutional representative of **45 million companies** in more than 170 countries, making it easier for businesses to trade internationally.

ICC has a position as observer to the UN General Assembly from 1 January 2017 (based on an UN General Assembly resolution).

ICC has National Committees that have many **exporters and importers, and their service providers such as banks, logistical firms and law firms**, as a member.

ICC is supported by **12 policy commissions** such as the ICC Global Banking Commission, the ICC Customs and Trade Facilitation Commission and the Global Trade and Investment Commissions.

ICC developed (and maintains) **many practical trade tools** for the market participants of the international supply chains such as the INCOTerms, Model Contracts and Clauses, Certificate of Origin etc. and the **ICC Identity Management Guide (for all parties involved in the international supply chains)**; see <https://iccwbo.org/wp-content/uploads/sites/3/2020/11/icc-identity-management-guide.pdf>

### 3. ICC Digital Standards Initiative

Market participants involved in the international supply chains still need to work with paper based trade documents but are ambitious to digitalise their B2B and B2G business processes. This requires acceptance of cross-border (digital) data in the legislations and the use of the same data standards for subjects (with rights and obligations) and of objects (without rights and obligations).

**ICC DSI program:** The objective of the ICC Digital Standards Initiative (DSI) program is to establish a globally harmonized, digitized trade environment. This is planned to create seamless digitization of the trade ecosystem: from exporters, shipping, ports, customs, logistics and finance to importers. The value of which will translate to increased resilience in trade finance and supply chain processes (and support the UN sustainability goals). The initiative will leverage technology to reduce the global trade finance gap, particularly among SMEs. See <https://www.dsi.iccwbo.org/>

The DSI program has two subprograms supported by two advisory boards with senior representatives of the industry associations involved:

- Legal Reform Advisory Board (see <https://www.dsi.iccwbo.org/lrab-legal-reform-advisory-board>) focussed on legislation and on the adoption of the **MLETR: Model Law on Electronic Transferable Records (2017)** of the UN Commission on International Trade Law.
- Industry Advisor Board (see <https://www.dsi.iccwbo.org/iab-industry-advisory-board>) **focussed on technical (data) standards** and to create clarity and commitment on the use of the same **data standards for cross-border paperless trade (from documents to data)** for the business processes (B2B and B2G) of the international supply chains.

ICC DSI delivered so far

- **Standards Toolkit for Cross-border paperless trade** (together with the WTO) in 2022: see [https://www.wto.org/english/res\\_e/publications\\_e/standtoolkit22\\_e.htm](https://www.wto.org/english/res_e/publications_e/standtoolkit22_e.htm)
- **Trust in Trade, Verifiable trust: a foundational digital layer underpinning the physical, financial, and information supply chain.** (March 2023): see [https://www.dsi.iccwbo.org/files/ugd/8e49a6\\_5a75a77950d7474da772bf9cfc2d985b.pdf](https://www.dsi.iccwbo.org/files/ugd/8e49a6_5a75a77950d7474da772bf9cfc2d985b.pdf)
- **Key Trade Documents and Data Elements, Digital Standards analysis and recommendations** (November 2023): see [https://www.dsi.iccwbo.org/files/ugd/8e49a6\\_530a1bd71a7e481f8485f4772a6854d5.pdf](https://www.dsi.iccwbo.org/files/ugd/8e49a6_530a1bd71a7e481f8485f4772a6854d5.pdf)
- **FINAL REPORT:** A final report is planned to be published in Q 1 2024 with the recommendations for data for the business processes of trade documents.

The report **Key Trade Documents and Data Elements** of November 2023 includes in the Executive summary an overview of the trade documents. The analysis and preliminary conclusions of the to be published **Final Report** are so far that

- **No new data standards have to be developed.** There are ISO, GS1 and UN-CEFACT standards available. See also **ISO/TR 6039 :2023 Identifiers of subjects and objects** for the design of (blockchain) systems, published in June 2023 with a comprehensive overview of the available identifier standards and their registers: <https://www.iso.org/standard/81978.html>
- Public sector agencies (for B2G processes ) and businesses of the private sector (for B2B processes) **use not always the same technical data standard for identification of businesses (legal entities)**
- All trade documents have a **general part** (foundational data standards and identifier standards included in any trade document) and a trade document **specific part** with data for the business process of the trade document involved) The general part includes the identification of businesses
- The identifier standard of legal entities is an important data element for the public sector agencies and for business involved in the international supply chains

- The identifier of a business is a **dataconnector** for business processes for all participants of the end-to-end supply chain (from exporter to importer etc)

#### 4. Legal entities

- **Legal entities** are “subjects with rights and obligations” based on the legal system of one of the 193 UN members
- Each country has multiple **entity legal forms**
- Many legal entities belong to a **corporate structure** (IFRS, US-GAAP)
- Exporters and importers and their service providers such as banks and logistical firms) **use only some legal forms** for their business operations
- Legal entities are registered in a **business register** based on the legislation of the country involved (that also registers several **corporate actions**)
- Business registers have their own national legal and operational rules and national technical identifier standards, access rules for users to the data, services and funding model
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- **Cross-border challenges**
  - Identification of legal entities is challenging for cross-border businesses because of the national legislation of business registers, the use of the local language and the national technical standards
  - These challenges for the cross-border businesses are substantial for
    - businesses of the international supply chains
    - cross-border payments
    - the banks for their capital market operations used for funding their finance operations among more for trade finance
    - public sector agencies (customs, tax, supervisors, overseers etc)

#### 5. G20-FSB program 1

- The FSB (Financial Stability Board) was mandated in 2012 by the G20 leaders in the Los Cabos Summit to create a global legal entity system (**GLEIS**) and created
  - The **ROC** (Regulatory Oversight Committee) in Nov 2012 to coordinate and oversee a worldwide framework of legal entity identification including the oversight of GLEIF (<https://www.leiroc.org/>)
  - **GLEIF** (Global Legal Entity Identifier Foundation) in June 2014 that has a mission to “manage a network of partners, the LEI issuing organizations, to provide trusted services and open reliable data **for unique legal entity identification worldwide**” (<https://www.gleif.org/en>)
- The LEI data may be used by the public sector for **B2G processes** such as reporting (cross-border and domestic) and by the private sector for **B2B business needs**

- The LEI identifier standard ISO 17442 LEI was created by ISO on request of the public sector. GLEIF has been mandated to publish the LEI data in 14 languages of the G20 free of charge for users: see <https://search.gleif.org/#/search/>

## 6. G20-FSB program 2

- The G20 requested the FSB to create a **G20 Roadmap for Enhancing Cross-border Payments** to address the challenges of costs, speed, transparency and access faced by cross-border payments.
- This resulted in a FSB G20 Roadmap of 13 October 2021 (version 1, see <https://www.fsb.org/wp-content/uploads/P131021-1.pdf>) and 9 October 2023 (version 2, see <https://www.fsb.org/wp-content/uploads/P091023-2.pdf>) **with 19 Building Blocks**
- **Building Block 16** Establishing unique identifiers with proxy registries. The LEI is mentioned in action 1 “**as the global digital Unique Identifier (UI) for cross-border payments and potentially other financial transactions**”.
- A large majority of banks already have an LEI. Not all exporters and importers already have an LEI.

## 7. ISO standard ISO 20275 ELF for the entity legal form

- The ISO 20275 ELF standard specifies the elements of an unambiguous scheme to identify the distinct entity legal forms in a jurisdiction. Its aim is to enable legal forms within jurisdictions to be codified and thus facilitate the classification of legal entities according to their legal form. See: <https://www.iso.org/standard/67462.html>
- Globally there are **3802 Entity Legal Forms**
- The ISO 20275 ELF Register is free of charge available for any user: see <https://www.gleif.org/en/about-lei/code-lists/iso-20275-entity-legal-forms-code-list>
- Exporters and importers and their service providers such as banks and logistical firms **use only some entity legal forms** (max 2 or three per country are used?)
- Any LEI record includes the relevant corporate data of the authorised business register and of the entity legal form

## 8. Business registers

- Legal entities are registered in business registers that have been created for multiple **domestic purposes** such as tax, protection of creditors, statistical purposes etc)
- There are many types of official business registers
- The Regulatory Oversight Committee of G20-FSB global LEI program endorsed GLEIF to maintain the **Registration Authorities** List: see: <https://www.gleif.org/en/about-lei/code-lists/gleif-registration-authorities-list>
- Globally there are **1038 Registration Authorities**

## 9. Closing remarks

a. Statement of the former ECB president **Mr Jean Claude Trichet** on the global identifier for legal entities (on 10 September 2010)

- **“Every one of us needs it**
- **There can only be one of it**
- **No one can do it for themselves**
- **We must do it together”**

b. Exporters and importers and their service providers such as banks and logistical firms use only some Entity Legal Forms (2 or 3 per country ?).

c. Adding the LEI as the G20 endorsed Global **unique identifier for business** to all the data records of legal entities of those entity legal forms in the business registers would be of benefit for many public purposes (trade statistics, oversight, supervision, AML-CFT reporting) and of market participants of the international supply chains .

d. My remark made during the webinar on the ADB survey on the accessibility of the global LEI system in developing countries among small companies for trade finance programs. See ADB Brief May 2019 <https://www.adb.org/sites/default/files/publication/505076/adb-brief-109-legal-entity-identifier-tfp-survey.pdf>

