

ELECTRONIC DATA INTERCHANGE (EDI): DEVELOPMENT ACTIVITIES IN SELECTED COUNTRIES OF THE AMERICAS

This issue describes progress in EDI in Argentina, Brazil, Chile, Mexico, the United States and Venezuela up to August 1996. The information is based on the progress reports prepared by country representatives for the Pan-American EDIFACT Board (PAEB), which coordinates EDI development activities in the Americas.

Further information on the Web:
EDIFACT http://www.unicc.org/unece/trade/untdid/Welcome.html
PAEB http://www.disa.org/

The United Nations rules for Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT) are an increasingly widely used standard for inter-computer transmission of data relating to administration, commerce and transport.

ARGENTINA

The Argentine Civil Article Numbering Association (CODIGO) is a not-for-profit organization whose main aim is to promote the use of bar codes and electronic data interchange systems with mass consumer products.

As Argentina's official EDIFACT representative on the PAEB, CODIGO has received a large number of enquiries from the textile and automobile sectors, and from public services such as Customs.

CODIGO is now a member of Ediforum Argentina, an organization devoted mainly to advising all sectors of industry on EDI matters. CODIGO and Ediforum participated jointly in INFOCOM 96, Argentina's biggest

information and communications exhibition.

In 1996, the Argentine EDI EANCOM Service (SEA), which gives guidance to the mass consumption sector on EDI standards, expanded not only in terms of traffic but also in terms of active users. There are now 80 active users, each interchanging an average of 75kb per month. The subscription scheme launched towards the end of 1995 has shown that the cultural barriers to the introduction of EDI still outweigh economic considerations. Nevertheless, progress is being made with the Efficient Consumer Response in Latin America (ECR) project, the aim of which is to gradually increase business efficiency. CODIGO is confident that the obstacles will be overcome.

In 1996, CODIGO took part in a number of national and international EDI training and information dissemination events, and gave introductory courses on EDI.

In the financial EDI project (supplier payment), the security model is practically ready to be applied to the first messages. At present, financial messages are interchanged in a trial environment with no security of any kind.

A study was carried out to decide which messages to use, and after lively debate it was felt that the most suitable ones, and the ones that best satisfy users' needs in terms of payment procedures, would be the multiple message sets PAYMUL (multiple payment order), CREMUL (multiple credit advice) and DEBMUL (multiple debit advice), together with the messages BANSTA (bank service message) and FINCAN (cancel financial message).

In 1996, CODIGO was also a member of the working group on the financial EDI project, under the Communications Systems Committee of the International Article Numbering Association (EAN International). The working group focused primarily on developing rules and standards for the implementation of the aforementioned messages, for use by EAN members at the international level.

It proved difficult to work out a security model in the absence of specific recommendations from official agencies. Enquiries were made at the international level and a number of the solutions applied in other countries were analysed. The CODIGO security model is therefore based on the UN/EDIFACT security recommendations and also incorporates a number of the confidentiality procedures required by local market regulations.

CODIGO now has two working groups studying the next messages to be used in its EDI service: DESADV (despatch advice), RECADV (materials receipt advice), INVRPT (inventory report) and REMADV (remittance advice). There are not many active EDI users in Argentina, but the few companies that do use it interchange information quite intensively and are making ever greater in-house use of EDI technology.

CODIGO has assured the Argentine business community that it will spare no effort to disseminate EDI as widely as possible and that it will continue to provide technical support to meet the specific needs of present and future users.

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BRAZIL

Activities since the last PAEB meeting: The meeting of the EDIFACT Joint Rapporteurs Team (JRT), held at Foz de Iguaçu, Brazil, in April 1996, was a great success. Feedback was positive and the results from the different working groups favourable, showing that standardization was progressing well. Nearly 200 people attended, 30% of them PAEB members.

The updated version of the Brazilian guide to EDI and electronic commerce (AGuia SIMPRO-BRASIL de Comércio Eletrônico e EDI@) is now complete and will soon be available. Information on the guide can be found on the World Wide Web at

<http://www.simpro.org.br/>

A new SIMPRO-BRASIL EDI and electronic commerce information service in Portuguese is now available via e-mail. Those interested should contact simpro@actech.com.br and include the phrase **subscribe simpro** in the body of the message.

SIMPRO-BRASIL is cooperating with the Getúlio Vargas Foundation, a Brazilian academic research institute, to develop a postgraduate course on the application of advanced technologies in business, information on which will shortly be publicly available.

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CHILE

EDI*Chile has been involved in the following activities:

The main aim this half-year has been to move all the messages contained in EDI*Chile's operating manual for members (Manual operativo de mensajes EDIFACT) from the 92.1 EDIFACT directory to the 95.A directory.

Equally important was the update of security recommendations on the basis of the suggestions contained in UN/EDIFACT versions WD 9735-5 Rel. 3.1 and WD 9735-7 Rel. 1.0. The second of these versions includes EDI confidentiality rules, while the first looks at areas relating to authenticity, integrity and non-rejection. Although there is no official UN/EDIFACT position on security, users are looking for immediate solutions. A document has been circulated among other Latin American PAEB members for comment.

Electronic invoicing is now a reality in Chile, the Internal Revenue Service having approved the invoice message and the procedures for its use. Some 20 companies are thought to be using electronic invoicing.

The first trial stage of the Customs project, between August and October 1996, examined the transmission and approval of import declarations, involving Customs and other agencies. The second stage will explore other types of information interchange involving banks and ports, and will aim to find an integrated solution to foreign trade procedures.

The Government is looking into the provision of financial backing for EDI*Chile, as EDI is considered a strategic technology for the country. EDI*Chile has done sterling work in promoting EDI and is acknowledged by all sectors to be the only organization capable of setting the required standards for all applications.

Some progress was made in coordinating EDI implementation at the regional level. Speakers from Argentina and Brazil took part in a seminar organized by EDI*Chile and held in Santiago, Chile, in April 1996. Participants discussed the use of EDI in Mercosur, notably the possibility of finding unique solutions for certain messages relating to foreign trade, and particularly to intra-Mercosur payments procedures.

Something similar is happening in the area of wholesale and retail supply. Details of Chile's experience in this respect have been sent to Argentina and Colombia, which may make it possible to apply unique solutions in the region.

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MEXICO

Mexico carried out several EDI projects in 1995. One of these, conducted by the Bank of Mexico, involved the reform of payments procedures by applying financial EDI standards. At the same time, the Bank of Mexico began using UN/EDIFACT messages and took the lead in EDI implementation in Mexico.

Various Mexican companies, associations and institutions are now working towards implementation of EDI transactions. In the process, they have all encountered similar problems, such as a lack of certainty over whether an electronic invoice constitutes a valid fiscal document.

The need to find answers to such questions and resolve related situations has led to the establishment of a user group that could come up with EDI implementation solutions. The group, known as the Mexican EDI Committee (Comité-EDI-México), was formally recognized in 1995 and now represents all sectors of the economy.

The Committee chairman is usually a Bank of Mexico executive, and four vice-chairmen are appointed from the following sectors:

1. The Government, represented by the Ministry of Finance and Public Credit and the Ministry of Auditing and Administrative Development;
2. The private sector, represented by the Mexican Article Numbering Association (AMECOP), a branch of EAN International set up to administer identification codes and EDI for wholesalers and retailers;
3. The banking sector, represented by the Association of Mexican Banks; and
4. EDI services, represented by private companies. Nearly 1,400 companies in the retail trade sector now use EDI.

The majority of them use the messages relating to product information and purchase orders. AMECOP provides support through two user committees that draft guidelines and agreements in order to encourage the introduction of EDI standards.

The Government has agreed that a committee should represent Mexico on the PAEB in its work of developing EDIFACT standards. This committee has six subcommittees dealing with:

- Financial EDI (payments)
- Electronic invoicing
- International commerce
- Purchasing
- Distribution
- Security

A number of Mexican companies still use the X12 standard. In order to ensure consistency in those companies, the Mexican EDI Committee will continue to support X12 standard messages as well as UN/EDIFACT messages. The committee intends to meet with companies from all sectors of the economy in order to determine what information should be shared.

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UNITED STATES

The following is a summary of the report submitted by the Accredited Standards Committee (ASC) X12 Standard delegation to the PAEB meeting in August 1996:

A group has been formed to work on EDIFACT process activity modelling. The working group will define the X12 Standard procedures, and it is hoped that the model will help to identify strengths and weaknesses in the handling of EDIFACT messages and point to ways of improving the X12 process.

The Government has completed its revision of the Federal Information Processing Standard, which is the standard used in public-sector information processing. This edition lends stronger support to the use of the UN/EDIFACT rules in implementing EDI in the public sector.

The group working on the X12-EDIFACT liaison will also be responsible for Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (CEFACT) reengineering and for providing information or training on X12. ASC X12 continues to disseminate information on the subcommittee via Internet through the Data Interchange Standards Association (DISA) web page.

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VENEZUELA

In Venezuela in recent months, there has been keen interest among large companies and their trading partners in setting up and implementing EDI projects. The International Article Numbering Association in Venezuela (CIP) will almost certainly be called upon to provide support and advice for such initiatives.

In the area of commerce, large multinational corporations such as Bayer, Colgate Palmolive and Procter & Gamble have started EDI projects, and some 40 companies are very interested in commercial document interchange with such corporations. Work has begun on the adaptation of commercial documents, including order forms, price lists and commercial invoices, for use with these companies.

A number of obstacles still stand in the way of full implementation of an EDI version of the commercial invoice, as the Government has not yet expressed any definite interest in legalizing and accepting electronic invoices on the same terms as printed ones. CIP would welcome the cooperation and expertise of those Latin American countries with experience in this area, so that the process can be speeded up in Venezuela.

More specifically, the internal revenue service (SENIAT) has implemented a series of regulatory measures for verification of tax payments, using fiscal databases and serially numbered invoices. As these techniques have only recently been introduced, it may be some time before electronic invoices are legally recognized as a fiscal document. In the meantime, electronic invoices are to be issued in parallel with printed ones for tax verification purposes.

The major Venezuelan banks, which are at present evaluating the country's value-added networks, have become heavily involved in financial EDI. A base is expected to be installed shortly in six EDI-capable banks, allowing them to perform electronic interchanges among their clients and with other banks. The possibility of integrating EDIFACT with the internationally-used SWIFT network and its standards is also being examined.

Venezuelan banks currently work with the ANSI X12 standard, since most of their experience is with the United States, but they will clearly have to work with EDIFACT in the future, since their clients request it and because using an international standard does have benefits. The main obstacle, however, is security: while ANSI X12 offers the required level of security (authentication and encryption), there is still a long way to go before a standard EDIFACT security procedure is defined.

During 1996, a number of presentations promoting EDIFACT as a better way of doing business targeted the world of insurance. CIP is working with an insurance company and a reinsurance company on a pilot project, the initial aim of which is to interchange the insurance policy message. However, electronic document interchange with the major international insurance companies is expected to begin very shortly, making it possible to bid for participation in insurance packages and obtain quotes for insurance services.

As mentioned earlier, the Venezuelan Government is still biding its time on EDI. Nevertheless, SENIAT, which also controls the Customs in Venezuela, has just completed the first stage of an internal project on information interchange between transporters and Customs (bill of lading). At present a non-standard format is being used, but the next phase will probably use EDIFACT.

In July 1996 the Numbering Organization Manager Meeting (NOMM) was held in Venezuela. Representatives from different Latin American article numbering organizations attended, as well as others from companies using bar codes. Participants considered various aspects of the whole commerce chain, from purchase orders to distribution and restocking, and devised a strategy for introducing the heavily EDI-based management technique known as Efficient Consumer Response (ECR) in Latin America. Participants emphasized the importance of Latin American countries being represented on the PAEB so as to reflect national expectations and needs in the EDIFACT process.

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