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OPEN REGIONALISM IN LATIN AMERICA AND THE CARIBBEAN

Economic integration as a contribution to changing
production patterns with social equity

Corrigendum

Page 84, Box III-8

Replace entire box with attached new Box III-8.

Box III-8

STANDARDIZATION OF ELECTRONIC DATA INTERCHANGE

Electronic data interchange (EDI) refers to the automatic (requiring no human intervention) processing, transmission and reception of data between different computer systems. This technology is being increasingly used, *inter alia*, for international trade and transport operations, sales contracts, letters of credit, shipping documents, as well as for port and customs procedures.

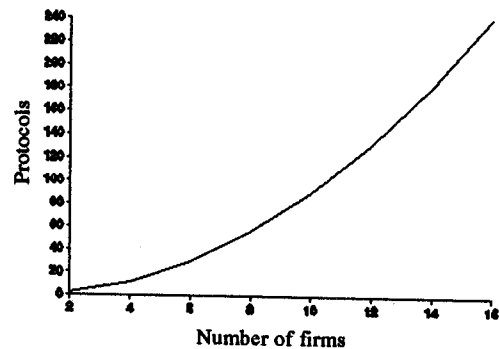
At present, EDI is already a basic tool for all agents involved in international trade and transport. EDI has not only saved time and reduced the cost of preparing and processing documentation, but has also led to better scheduling of shipping and therefore to more efficient inventory management. In practice, data processing and EDI have created the conditions for production and distribution methods such as "just in time" deliveries and "zero inventories". However, without prior standardization, EDI could not have spread as far as it has.

Indeed, for two distinct systems to "understand" each other, they need to share one "protocol" and carry out two conversions in order to transmit data from one format to another; therefore, four systems interconnected by pairs would require six protocols and 12 conversions, while 12 systems or enterprises would have to operate with 66 protocols and 132 conversions. The scheme quickly becomes more complex as the number of those who wish to communicate with each other increases (see figure).

This observation leads to the conclusion that if data interchange protocols are not standardized, in a trade context that increasingly uses data processing, a situation could soon be produced in which mechanized processes could be more inefficient than so-called manual processes.

Accordingly, the United Nations provided the bases for standardizing the three components of electronic data interchange: terminology, published in the Trade Data Elements Directory (UNTDDED); recommended practices for data interchange, which appear in the United Nations Trade Data Interchange Directory (UNTDID), including the UN/EDIFACT (Electronic Data Interchange for Administration, Commerce and Transport) rules, which indicate how messages should be constructed; and the code of conduct for data interchange (UNCID), which establishes the legal principles that should be respected in such operations.

UNTDDED and UN/EDIFACT have already been adopted by the International Organization for Standardization (ISO) and are widely used in the Organisation for Economic Cooperation and Development (OECD) countries and in South-East Asia. In the European Economic Community (EEC), where 12 data formats had to be processed in order to construct community-wide statistics, both regulations are obligatory for trade and transport information systems. Latin America has become increasingly interested in EDI; it should therefore be included in economic complementarity agreements as a trade instrument. In addition, government agencies should promote its standardization.



$$Function : n \times (n - 1)$$

Source: R. Gould, "Armonización de normas", Santiago, Chile, ECLAC, 1993, unpublished.