Paperless Trade: Enabling MSMEs in APEC

Submitted by: APEC Business Advisory Council – New Zealand
Paperless Trade: Enabling MSMEs in APEC

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Why paperless trade?

Manage supply-chain disruption

Cost, efficiency, value-adding, integrity & trust

Economic rebuilding through trade
MSME perspectives from around the region

A variety of factors are required to make FTAs more effective for MSMEs.

USC Marshall School of Business report for ABAC, 2018
‘Realizing the Untapped Potential of MSMEs in APEC – Practical recommendations for enhancing trade’
MSME perspectives cont./

“Clearing customs depends on your luck.”
- Thai business leader

73%
think a digital single window system will be highly effective

“What works”

“What does not work”

At the Border:
Non-digital systems keep exporting cost-prohibitive. Exporting is cost prohibitive for MSMEs unless the export process can be simplified and centralized for businesses to digitally track the export process. E-government systems that do not allow for comprehensive tracking are not sufficient.

USC Marshall School of Business report for ABAC, 2018
‘Realizing the Untapped Potential of MSMEs in APEC – Practical recommendations for enhancing trade’
<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Challenges</strong></th>
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<tr>
<td>• MSMEs can continue to trade despite disruptions</td>
<td>• Lack of enabling environment:</td>
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<td>• Reduce time, costs and errors</td>
<td>• Legal/regulatory acceptance</td>
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<td>• Increase efficiency and supply-chain integrity</td>
<td>• Divergent standards and systems</td>
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<td>• Add value through provenance, attributes</td>
<td>• Policy environment</td>
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<tr>
<td>• Build consumer and business trust</td>
<td>• Customer acceptance</td>
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<td>• Keep trade growing – to kickstart economic recovery</td>
<td>• Connectivity</td>
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<td>• Lack of access to infrastructure and skills by MSMES</td>
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Paperless Trade Implementation 2021

39% implementation globally (2019)

Source: UN Global Survey on Digital and Sustainable Trade Facilitation, 2021
**Infrastructure**

- **#1:** Promote an enabling and competitive infrastructure with pro-investment policies
- **#3:** Universal broadband access

**Interoperability**

- **#2:** Interoperability should be promoted
- **#5:** Coherence/cooperation in regulatory approach including for standards incl internationally

**Holistic policy**

- **#4:** Government policy frameworks should be holistic e.g. across agriculture, labour – with public/private coordination

**Innovation**

- **#6:** Promoting innovation and adoption of enabling technologies and services.

**Trust & security**

- **#7:** Work with stakeholders on trust and security

**Data flows**

- **#8:** Free flow of data Regulatory approach provides consumer protection.

**Measurement**

- **#9:** Development of common understandings and baseline measurements for the digital economy

**Inclusion**

- **#10:** Free flow of data Regulatory approach provides consumer protection.

**E-commerce**

- **#11:** Facilitate and cooperate on e-commerce & digital trade – paperless customs clearance, e-documents, digital authentication
Case study: NZ food exporters

Exporters of meat, dairy products to APEC markets shifting to paperless trade – e.g. using TradeWindow “Cube” platform (blockchain-based)

**Benefits of going paperless:**

- Reduction in errors, confidence that data is safe from tampering/loss
- Over one-third reduction in courier costs
- 4x faster documentation, 33% increase in day-to-day efficiency of exports
- Streamlining operations across markets
- Increased customer satisfaction
- Consistent with sustainability goals
- Potential for value-adding through verifiable provenance

“We use blockchain technology and QR codes across our supply chain to enhance traceability and transparency and ensure food safety and quality” – Dairy exporter
What’s needed?

**An enabling environment:**

- Legal/regulatory acceptance of paper documents
- Technical compatibility
- Infrastructure & services
- Business uptake (including customer acceptance)
- Consistency and predictability: avoid the “noodle bowl” across economies, and make changes permanent

**Other helpful elements for digital supply chains:**

- Global Data Standards
- E-invoicing
- E-signatures
- Interoperable digital identity
- Trade information portals
- Business-friendly settings for low-value e-commerce trade
Thank you