



**Asia-Pacific
Economic Cooperation**

2021/SOM3/CTI/A2C2/002

Paperless Trade: Enabling MSMEs in APEC

Submitted by: APEC Business Advisory Council – New Zealand



**Thirteenth APEC Alliance for Supply Chain
Connectivity Meeting
18 August 2021**



Paperless Trade: Enabling MSMEs in APEC

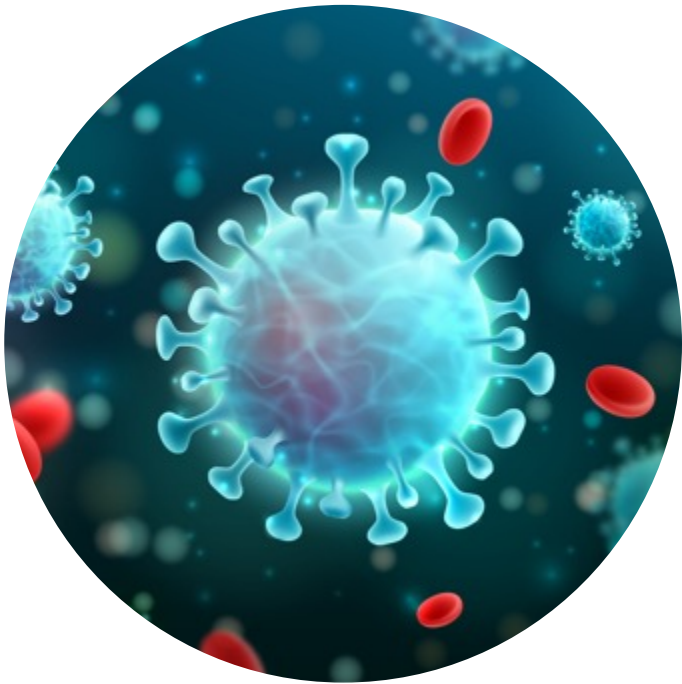
Stephanie Honey

Honey Consulting Ltd

ABAC New Zealand



Why paperless trade?



Manage supply-chain disruption



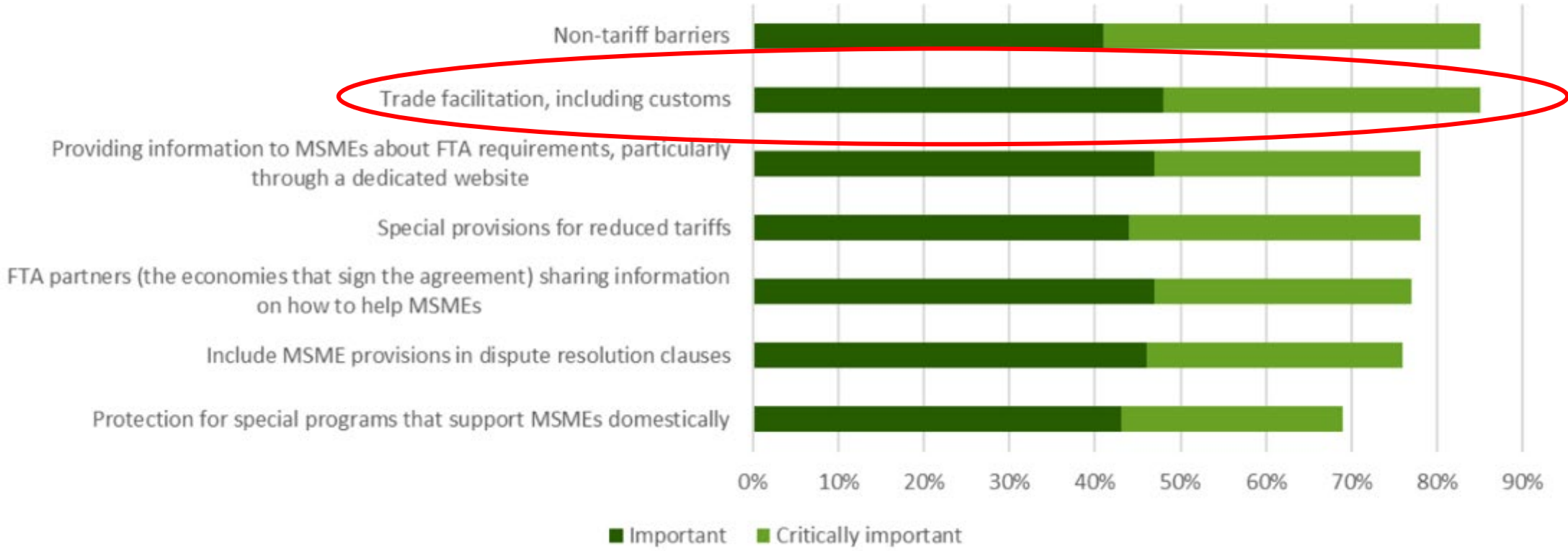
Cost, efficiency, value-adding, integrity & trust



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



think a digital single window system will be highly effective

“What works

“... single windows, particularly those that are digital and share information among government agencies can vastly simplify customs processes for MSMEs. These systems reduce the costs and time spent on paperwork as well as relieve duplicative compliance requirements. E-customs systems and single windows have the potential to not only reduce clearance times and facilitate access to markets, but also prevent corruption.

“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

Opportunities

- MSMEs can continue to trade despite disruptions
- Reduce time, costs and errors
- Increase efficiency and supply-chain integrity
- Add value through provenance, attributes
- Build consumer and business trust
- Keep trade growing – to kickstart economic recovery

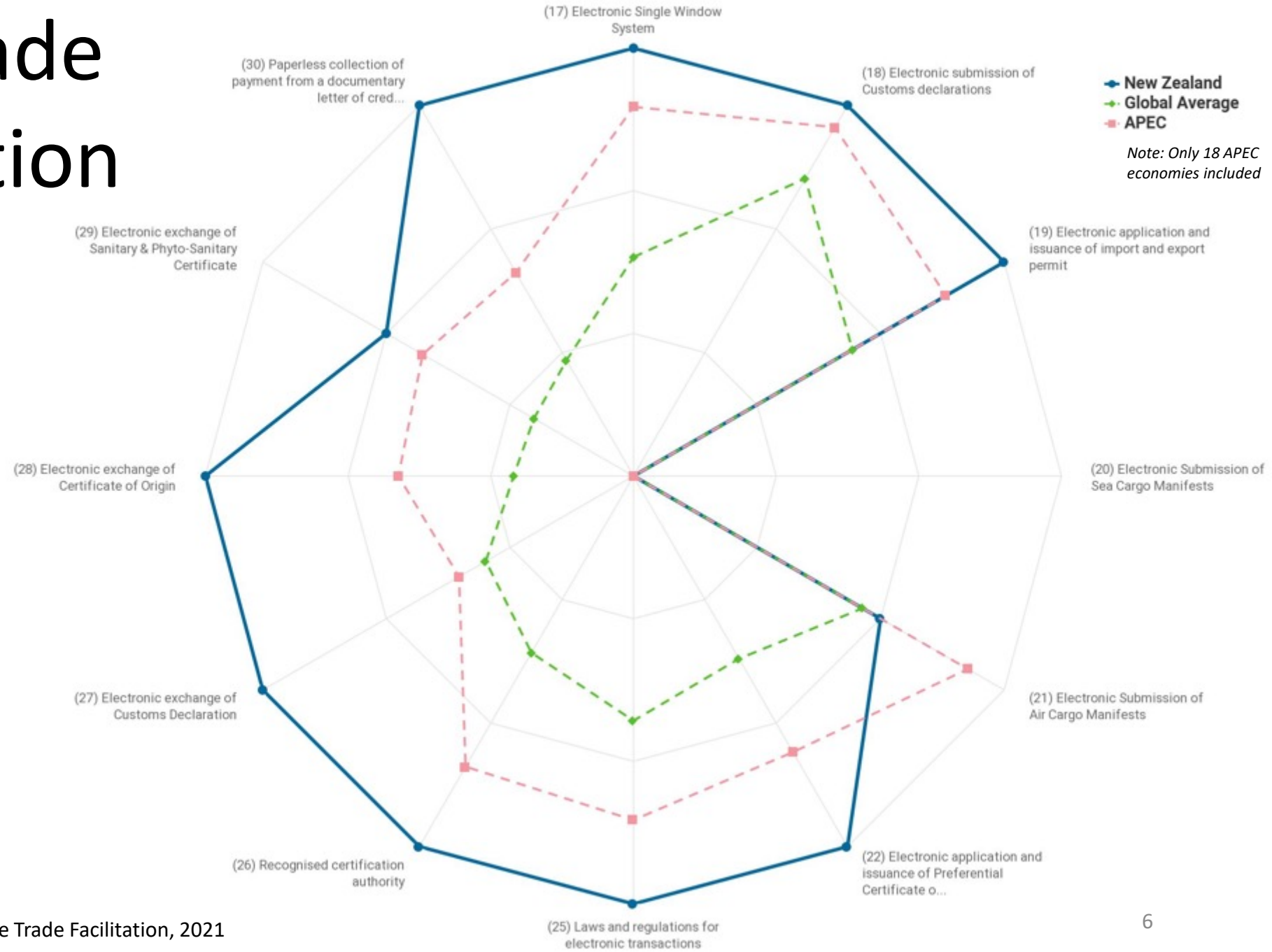
Challenges

- Lack of enabling environment:
 - Legal/regulatory acceptance
 - Divergent standards and systems
 - Policy environment
 - Customer acceptance
- Connectivity
 - Lack of access to infrastructure and skills by MSMEs



Paperless Trade Implementation 2021

39%
implementation globally
(2019)



APEC Internet & Digital Economy Roadmap



Infrastructure

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

Innovation

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

Measurement

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

Interoperability

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

Trust & security

- #7: Work with stakeholders on trust and security

Inclusion

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

Holistic policy

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

Data flows

- #8: 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