Streamlining Trade Processes Through Interoperable Trade Windows

Submitted by: TradeWindow
Streamlining trade processes through interoperable trade windows

Presentation for the APEC Workshop “Utilising Digital Technology in the Field of Trade Facilitation under the Current COVID-19 Pandemic and Beyond” – organized by Japan’s Ministry of Economy, Trade and Industry (METI).

11 May 2021

COMMERCIAL IN CONFIDENCE
Bringing a pan industry APAC view

We support the main productive sectors of our Australasian economies.

$34 billion
total value of exported goods

130,000+
Sets of shipping documents per year

1,000,000+
Export documents generated per year

Prodoc’s digital documents reach trades in 160+ economies

We support the main productive sectors of our Australasian economies.

- Produce 19%
- Meat 18%
- Building Products 11%
- Timber 13%
- Trader 10%
- Dairy 8%
- Seafood 7%
- Other* 14%

Total value of exported goods: $34 billion

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1,000,000+ Export documents generated per year

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Three things we believe

- Interoperability of systems is key
- Public and private partnerships are essential
- Technology is not the silver bullet
The opportunity – towards trade with less friction, waste and noise

“Global trade is underpinned by the flow of data, a single transaction often requires the interaction of more than 20 entities, and involves between 10 and 20 paper documents and 5,000 data field exchanges. Only 1% of these interactions create value, with 85 – 90% of the transactions consisting of ignore/transmit to the next party actions.”

Boston Consulting Group
The solution

Digital trade orchestrated by a sector neutral data ‘super-connector’ that allows for seamless connectivity through the permissioned flow of information across the four data silos of global trade.

- Business-to-business (B2B)
- Business to government (B2G)
- Government to government (G2G)
What are the enablers?

Three inter-linked enablers are needed to create a super-connective ecosystem.

- Technology solutions
- Data standardisation
- Policy and legal
The technology is already here

- Large scale commercial development
- Built to enterprise standard
- Ubiquitous broadband infrastructure
- Enterprise grade security
- Low capex/low risk rapid deployment
- Integration with legacy solutions

Most transformational technologies for trade

<table>
<thead>
<tr>
<th>Technology</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Internet of Things (IoT) in supply chain</td>
<td>59%</td>
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<tr>
<td>Digital payments</td>
<td>56%</td>
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<tr>
<td>E-commerce platforms</td>
<td>53%</td>
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<td>Cloud computing</td>
<td>52%</td>
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<td>5G</td>
<td>49%</td>
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<tr>
<td>Artificial intelligence / Machine learning</td>
<td>45%</td>
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<tr>
<td>Digital documentation / E-signature / Digital identity</td>
<td>44%</td>
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<tr>
<td>Smart border systems</td>
<td>38%</td>
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<tr>
<td>Blockchain / Distributed ledger technology</td>
<td>37%</td>
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<tr>
<td>Robotics and automation</td>
<td>36%</td>
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<tr>
<td>Digital services other than digital payment</td>
<td>34%</td>
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<tr>
<td>Open supply chain information systems</td>
<td>34%</td>
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<tr>
<td>Virtual reality / Augmented reality / Mixed reality</td>
<td>26%</td>
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<td>3D printing / Additive manufacturing</td>
<td>19%</td>
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<tr>
<td>Others</td>
<td>1%</td>
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</tbody>
</table>

Source: World Economic Forum 2020 global survey on TradeTech
Policy and legal is making progress

- Recent FTA upgrades conflict with legacy legislation and policy.
- There is a need for standardised policy to ensure no unfair advantage.

Digital trade depends on the Model Law below to be ratified:
- Electronic commerce
- Electronic signatures
- Electronic transferable records

Learnings from COVID-19

Of the 21 APEC economies, last year 21 were able to use electronic rather than paper-based certificates, now only seven are using electronic. – Ministry of Foreign Affairs and Trade (New Zealand)

<table>
<thead>
<tr>
<th>APEC economies</th>
<th>Electronic Commerce</th>
<th>Electronic Signatures</th>
<th>Electronic Transferable Records</th>
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<td>Australia</td>
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<td>Brunei Darussalam</td>
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<td>People's Republic of China</td>
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<td>Hong Kong, China</td>
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<td>United States of America</td>
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<td>Vietnam</td>
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Data standards are lagging

Still struggling to break down data silos between economies and across sectors such as:

- Business-to-business (B2B)
- Business to government (B2G)
- Government to government (G2G)

Emerging challenges associated with TradeTech

- Dealing with different technology regulations across jurisdictions: 62%
- Digital literacy: labor force lacking the right skill set: 59%
- Higher capital requirements, as the complexity of technology intensifies: 56%
- Fragmented markets with distinct infrastructure, standards and ecosystems: 48%
- Data oligopolies (data silos): 38%
- Other: 1%

Source: World Economic Forum 2020 global survey on TradeTech
What are the reasons for optimism?

- Model law is gaining ground – January 2021
- Economic partnership agreements e.g. DEPA
- Digital trade is called out in FTAs
- WCO is driving customs standardisation
- Digital Container Shipping Assn. – eBills of Lading
- ICC – work on standardisation
- WTO – driving awareness on digital trade
- PAA – connecting ecosystems throughout APAC

(Source: Moody’s Investor Services)

Why do public and private need to keep working together?

Business and public sectors need each other to enable digital trade.

Public sector brings:
- Regulatory support
- Governmental relationships
- Existing physical infrastructure

Private sector brings:
- Appetite for risk
- Cutting edge technology
- Cross sector connectivity
- Trade relationships and trade volumes
Thank you