



Asia-Pacific  
Economic Cooperation

# APEC experience in facilitating cross-border paperless trade

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# APEC Cross-border E-commerce Innovation and Development Initiative (2017)

- Cross-border e-commerce: one of the fastest growing segments of global trade, from zero to an estimated value of 1.92 trillion USD.
- Recognizing cross-border e-commerce as a powerful enabler for the internationalization of MSMEs as well, APEC Ministers endorsed the **APEC Cross-border E-commerce Innovation and Development Initiative in 2017**.
- **Principles:** APEC Principles on Trade Facilitation (2011) – Transparency; Communication and Consultations; Non-discrimination; Consistency and Predictability; Harmonization, Standardization and Recognition.
- **Objectives:** (1) favorable regulatory eco-system for e-commerce; (2) development of ICT infrastructure; (3) greater participation of businesses in global commerce (MSMEs); (4) cooperation between public and private sectors (consumer protection); (5) contributing to trade and investment facilitation.



# APEC Cross-border E-commerce Innovation and Development Initiative: Working Pillars

- i. Promoting transparent and predictable legal and regulatory approaches and measures that are business friendly and coherent to facilitate cross-border e-commerce in the region
  - Review existing legal and regulatory issues related to cross-border e-commerce and consider existing international standards and guidelines
- ii. Enhancing capacity building so that APEC Economies can assist MSMEs to increase their cross-border e-commerce participation in global and regional markets
  - Identify supply side gaps required to support the use of cross-border e-commerce in the region
  - Encourage cooperation and collaboration between public and private sectors such as Public Private Partnership (PPP), Public-Private Dialogue (PPD) on existing and emerging issues in cross-border e-commerce



# Working Pillars

- iii. Strengthening cross-border data privacy protection through increased implementation of existing APEC programs
  - Support capacity building efforts to enhance domestic data privacy regulations which take into account the APEC Privacy Framework
  - Enhance and strengthen interoperability between privacy frameworks
- iv. Facilitating cross-border paperless trade in the region
  - Establish a favorable environment through streamlined shipments and clearance goods
  - Share best practices and support capacity building like single window and border management
- v. Addressing emerging and cross-cutting issues in cross border e-commerce
  - Identify barriers and encourage best practices sharing in facilitation
  - Raise awareness of cybercrimes and the need for strong, effective security in the use of ICTs for cross-border e-commerce



# APEC Survey on Single Window : Prioritized Principles for SW Interoperability

Principles Prioritized	Theme
<b>Top 3:</b> Consensus Agreement Security, privacy and confidentiality/ Data harmonization and standardization	Creating a climate of Trust <ul style="list-style-type: none"> <li>- Leap of faith in the system</li> <li>- Integrity and trust to minimize bureaucracy</li> <li>- Achieved through standardization, technology and effective policy</li> </ul>
<b>Mid 3:</b> Connectivity Responsiveness Adoption of open standards	Advancing Ubiquity <ul style="list-style-type: none"> <li>- Anytime, everywhere</li> <li>- Will drive decentralization, multiple access and real-time requirements (in turn demanding more trust)</li> </ul>
<b>Bottom 3:</b> Terminology Building on existing IT infrastructure Autonomy	Others <ul style="list-style-type: none"> <li>- Need for common understanding and language to define data and metadata</li> <li>- Ability to scale while protecting IT investment</li> <li>- Maintaining domestic / internal sovereignty while enabling transnational integration and information sharing.</li> </ul>

# Possible Levels of Interoperability

- Back to basics: 3 technical ingredients of achieving interoperability are:
  1. Terminology
  2. Minimum data sets
  3. Standards
- Why the ongoing seemingly perpetual challenges?
  - Achieving semantic interoperability transcend the technical, as there are cultural, social, policy and economic barriers to data sharing.
  - Furthermore, vendors have problems with standards – a challenge to differentiate their products and services and lock-in user loyalty.
  - And because of this ... there are many standards. Where should we start?
  - ***Establish terminology, data (and its metadata) and standards first; followed by business processes.***



# APEC Survey on Single Window: key findings

- Technical messaging is mature; Terminology is evolving; Minimum Answer Dataset generation need further development
- Establish SWI information architecture (harmonized data) first, followed by its associated business processes and enabling technology components.
- Develop actions that foster trust and a secure environment
  - Integration of security, privacy and risk management
  - Development of effective policies
- Enable solutions that build/ instill trust
  - Updated security and authentication
  - Block-chain technology?
  - Robust legal framework to address cross-border regulatory interoperability of SW
- Modernize IT infrastructure and application
  - Increase connectivity and demand-driven capacity



## Lessons learnt: Indonesia

- Indonesia's SWI succeeded in exchanging the e-Form D data under the ASW framework.
- The process for this exchange took a considerably long time, however, long negotiations are needed to agree on ASW architecture, including setting and deploying ASW regional servers.
- ASW also faced legal challenges, especially for the ratification process of the Protocol of Legal Framework to Implement ASW (PLF) that took considerable time.
- The INSW operating agency is currently developing the second generation of INSW system (INSW Gen-2) that will improve and expand the current coverage by providing real time import and export data and enabling better integration of inter-ministerial/institutional business processes and management of the flow of goods.

## Lessons learnt: Peru

- The electronic transmission of data under the Pacific Alliance uses a Peer-to-Peer model, wherein, each economy has its own interoperability platform to send and receive information.
- It was a challenge for all the Pacific Alliance members to install and configure the technological infrastructure on which the IO PACK (Interoperability Platform) would work since government agencies were at different levels of technological readiness.
- Economies faced legal challenges, such as the recognition of electronic documents/signatures and the existing legal gaps.
- Capacity building is necessary to provide intensive training in the use of VUCE and to develop relevant skills to run a highly complex IT system.

# Implications for Emerging Technologies

- Cloud computing- In recent times, cloud computing has been becoming a more and more significant part of businesses. According to the World Bank, over 55% of businesses in the APAC region have increased their budget allocations for cloud services.
- Blockchain: Blockchain technology can further improve single window facilitation?



# Conclusion

- Benefits of SWI
  - Peru noted savings through reduced travel, time and use of paper
  - Indonesia expects acceleration of customs clearance process, reduced dwelling time, and lower trade transaction costs by using the e-Form D
- Challenges of SWI
  - Ensuring coordination and harmonization of standards, data and systems
  - Meeting appropriate technological architecture
- General requirements for interoperability based on case studies:
  - Coordination among local agencies to prevent duplication and loss of time
  - Improvement of IT systems to keep up with the requirements for electronic exchange of data
  - Harmonization with international standards and regulations to enable efficient sharing and comparability among data



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