

# Towards Globally Harmonized Standards for the Digital Trading System



# About ICC Digital Standards Initiative (DSI)

## A focused mission to accelerate the trade digitization journey globally

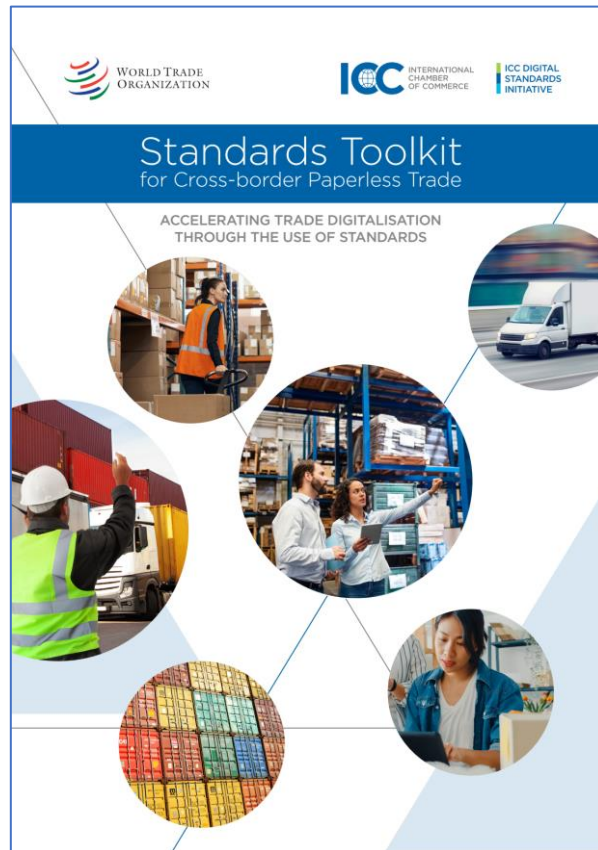
The ICC Digital Standards Initiative (DSI) will work towards the ambitious aim of **establishing a globally harmonized, digitized trade environment** (also addressing disruptions experienced in the international supply chain during the COVID-19 crisis) as a result of the reliance of trade flows on paper documentation and diverging legal and technical standards.

## Our ambition is to be a convening and harmonizing force

- Devising a **new ecosystem of standards and technology enablers** where data from the global supply chain can be seamlessly exchanged end-to-end to enhance commercial, shipping, insurance, trade finance and border processes.
- **Modernizing the rules for trade** so that industry rules and local laws are aligned with the objective of recognizing electronic records in trade.
- **Empowering businesses and policy makers** to acquire new capabilities, invest in infrastructures and training necessary for the transformation needed at the operational, organizational and systemic levels.



# A practical tool to navigate the standards landscape



## SECTION 1 Foundational Standards

## SECTION 2 Identifier Standards

## SECTION 3 Corporations and Micro-, Small- and Medium-Sized Enterprises

## SECTION 4 Carriers, Freight Forwarders and Logistics Operators

## SECTION 5 Customs Authorities and other Cross-border Regulatory Agencies

## SECTION 6 Interoperable Digitalisation Frameworks

- Equip every supply chain participant with some of the most notable and widely used standards
- Drive convergence across international supply chains
- Promote genuine interoperability for paperless trade processes

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dcsa



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LEGAL  
ENTITY  
IDENTIFIER  
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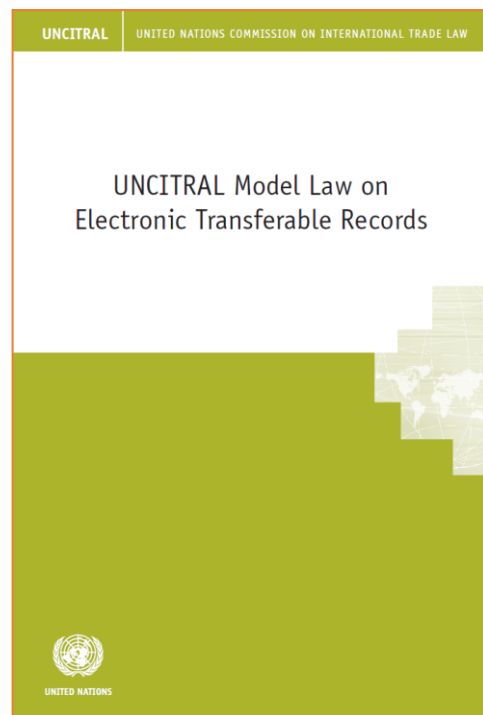






# The UNCITRAL Model Law on Electronic Transferable Records

- Adopted in 2017 by UNCITRAL, the Model Law on Electronic Transferable Records (MLETR) enables the use of bills of lading, bills of exchange, promissory notes, etc. in electronic form
- Seen as a key enabler of paperless trade facilitation:
  - MLETR adoption is necessary to fully enable trade-related dataflows
- In force in 7 countries, endorsed by G7, referenced in DEAs, etc.



- Enabling law: no new regulation
- Technology neutral:
  - compatible with registry-, token- and distributed ledger-based (blockchain) systems
  - promotes interoperability
- Built around functional equivalence rules:
  - the same law applies to electronic and paper-based documents
  - all that may be done on paper is possible electronically:
    - interaction with third parties
    - use as collateral
- And more:
  - inclusion of metadata, data originating from oracles, smart contracts etc.
  - change of medium



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# MLETR adoption: legal and policy aspects

## The core issue: avoiding double spending

- MLETR has been drafted to avoid double spending issues
- This is achieved by introducing the notions of control and singularity
- Control ensures that the ETR is in the hands of the intended person
- Singularity ensures that the ETR is not duplicated against the will of the person in control
- Control, singularity and integrity are the requirements for achieving functional equivalence of the notion of possession online
- MLETR provides also guidance on the reliability of methods and systems used in ETR management (referencing, among others, international technical standards)

## MLETR completes existing laws

- MLETR builds upon and complete existing UNCITRAL texts on electronic commerce, which have already been adopted in 100+ States and in most of Asia and the Pacific
- By adopting MLETR, States that have already adopted UNCITRAL texts may update and complete their enabling legislative framework for digital trade
- This approach is supported by the inclusion of references to MLETR in RTAs, regional e-commerce workplans and DEAs



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# TradeTrust

## WHY

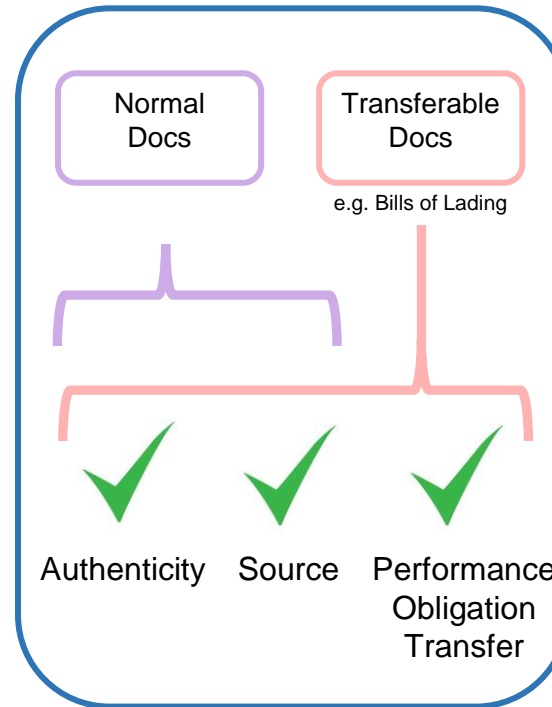
### Industry Benefits:

- 1) Easier connectivity to the global market
- 2) Reduced costs
- 3) Lower fraud risks
- 4) Easier access to Trade Finance

### National Benefits:

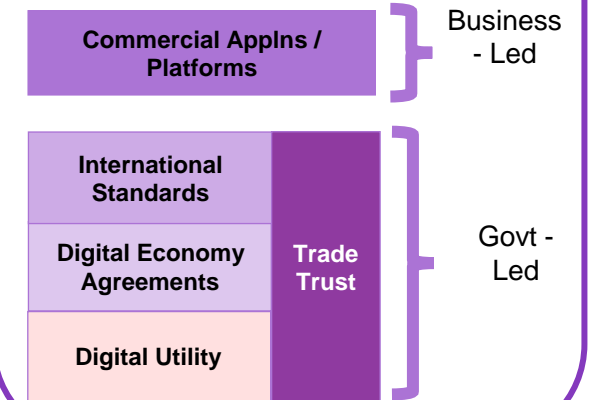
- 1) Increased digital and legal capabilities in the Trade space
- 2) Established digital foundation for further technology and business innovation

## WHAT



## HOW

*TradeTrust is a framework comprising globally-accepted standards to achieve portability of docs across Trade partners*





# Cross-border Collaboration with Australia



- **Australia-Singapore Digital Economy Agreement**
  - Australia Border Force, Singapore Customs and Infocomm Media Development Authority of Singapore
- **Proof of Concepts:**
  - Test Policy : Acceptance of digitally verifiable documents
  - Test Technology : Interoperability between SG TradeTrust and AU Intergovernmental Ledger
- **Trial Scope**
  - Certificates of Origin
- **Participants**
  - **Issuers:** Australian Chamber of Commerce and Industry and Australian Industry Group
  - **Commercial users:** Rio Tinto, ANZ Bank, DBS Bank and Standard Chartered Bank
  - **Regulatory Authority:** Singapore Customs
- **Outcomes**
  - Feedback were highly positive
  - Participants acknowledged value add to their business
  - Secured acceptance from regulatory authority (Singapore Customs) and commercial users





# Partnerships globally with Industry and Governments



Convening alongside the World Economic Forum Annual Meeting in Davos, the International Chamber of Commerce (ICC) has joined the Singapore Government and industry partners to accelerate the digitalisation of global trade and commerce.

## Australia and Singapore to trial blockchain for cross-border trade

The trial will test digital verification platforms across both the ABF-developed Intergovernmental Ledger and IMDA's TradeTrust for electronic trade documents.

## SWIFT and Singapore's IMDA Join Forces to Drive Global Trade Digitalisation

TRADE, 6 OCTOBER 2020

*Collaboration combines the reach, scale and reliability of SWIFT with IMDA's efforts on technology and legal frameworks to accelerate trade digitalisation*

## FINANCIAL TIMES Singapore charts its way to digital future for trade

Longer term, Singapore is working on a project called TradeTrust that aims to develop an "interoperability framework" for the exchange of digital trade documentation that would simplify and speed up procedures.

## World's first digital trade financing pilot between MLETR-harmonised jurisdictions

*Paves the way for wider adoption of IMDA's TradeTrust framework to facilitate the exchange of digital trade documents in global trade finance*



## Succesfull Proof of Concept Electronic Bill

In October 2019, IMDA (Infocomm Media and Development Authority) and the Maritime and Port Authority of Singapore (MPA) co-hosted a 2-day workshop for the delegates from Blocklab, Port of Rotterdam's blockchain centre to work together on the requirements of title transfer capability in relation to eBLs for cross-border trade transactions.



DBS and Tratigura collaborate with IMDA to launch open-sourced blockchain trade platform

*Cuts end-to-end trade document transit time by more than half from 45 to 20 days*







# Making trade cheaper, faster, simpler, sustainable, secure

## Objectives

1. Update laws to handle commercial trade documents in digital form – eBLs, eBoEs..
2. Align legal frameworks to MLETR

## G7 Benefits

\$9 trillion trade growth  
\$6 trillion SME exports

## Commonwealth Benefits

\$80 billion – benefit of digitalizing customs  
\$1.2 trillion – benefit of legal reform  
\$2 trillion – combined benefit [200% intra-Commonwealth trade target]

## Benefits to all – UK, Germany, G7, Commonwealth

80% cut in trade transaction costs  
50% trade finance gap  
25 days to 1 day reduction in cross border compliance processing time

Economic analyses for G7, Germany and United Kingdom:

<https://dsi.iccwbo.org/policymakers>

Economic analysis of The Commonwealth: <https://thecommonwealth.org/quantitative-analysis-move-paperless-trade>



# Takeaways

## **Open systems, interoperable digital standards are the future**

- closed platforms or single tech solutions are not scalable
- priority is to connect platforms/systems across industry/government

## **Digitalisation of customs alone won't deliver transformation and inclusion**

- customs is only one actor in trading system
- prize bigger than customs – efficiency, cost, complexity, security, sustainability
- digitalisation requires ALL trade documents to be digitalised
- can't implement standardised commercial trade docs until laws enable us to
- customs digitalisation is not delivering desired transformation - <1% EU docs handled digitally despite investment and progress
- multistakeholder forums are needed – cross government, cross industry

## **Removing legal barriers will benefit low-income economies most**

- for small economies, the cost of trade can exceed the value of trade
- legal reform is a pre-requisite to inclusion

## **Vital industry and governments actively adopt the same common standards**

- standardisation is the solution to reducing cost/complexity, driving sustainability
- common formats will generate better quality sustainability data
- WTO/ICC Standards Toolkit is the definitive framework



## The Problem

- Coordination failure – industry, government
- No lack of frameworks, initiatives, tech solutions

## Solution

- Accelerate digitalisation
- Enable mass adoption of common digital standards

## Founding Principles

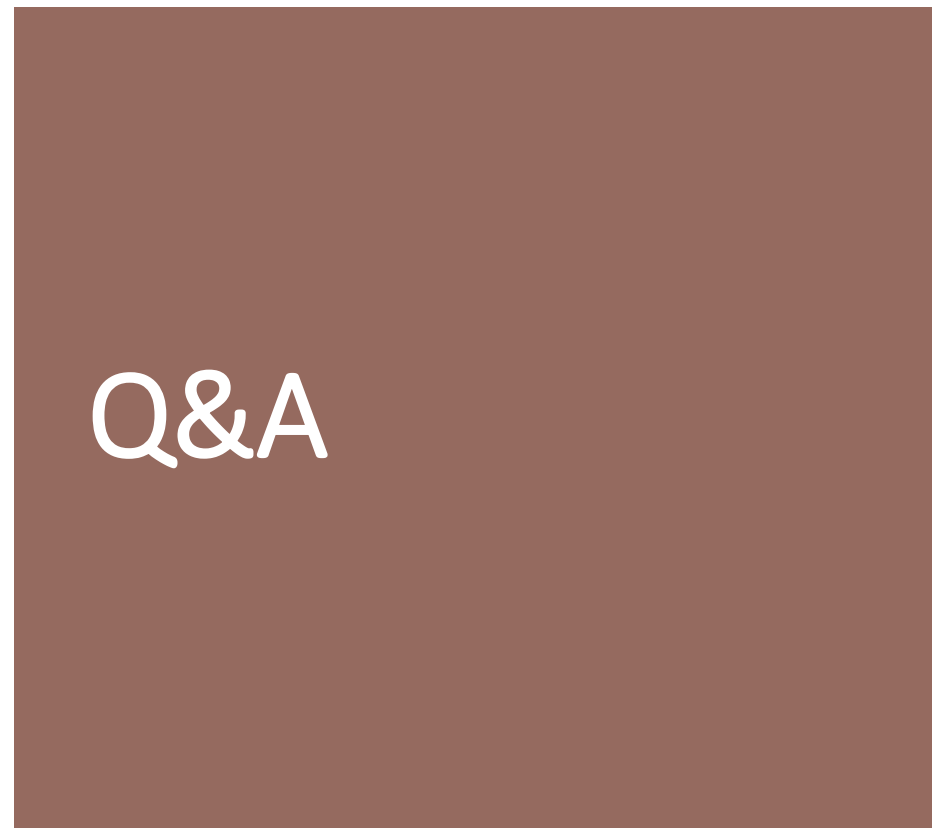
- Industry-led, government supported
- Technology agnostic
- Open systems
- Interoperable standards
- Scalable solutions

## Capabilities

- Identify barriers - commission research, evidence
- Test/pilot systems and platforms end to end
- Educate & train SMEs









[www.dsi.iccwbo.org](http://www.dsi.iccwbo.org)

Thank you!

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