Cross-border paperless trade for regional e-Commerce development

Perspective from a paperless trade service provider

Sung Heun HA (Rama)
I. Cross-border paperless trade
1. Cross-border paperless trade

What is a ‘Cross-border’ paperless trade?

- Three flows of International Supply Chain, goods, documents/data and money, cross the border(s)

- “Cross-border paperless trade” means trade taking place on the basis of electronic communications, exchanging trade-related data and documents across the borders in electronic form;
# 2. Review of Current Status

## National, Bilateral and Subregional Paperless Trade Initiatives

<table>
<thead>
<tr>
<th>Type</th>
<th>Countries/Economies/Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Single Window (in operation)</td>
<td>Azerbaijan, Japan, Indonesia, Malaysia, Philippines, Republic of Korea, Singapore, Thailand</td>
</tr>
<tr>
<td>National Single Window (under development)</td>
<td>China, all other ASEAN countries, Kazakhstan, Mongolia, Turkey, Tajikistan, Uzbekistan, Russian Federation, India</td>
</tr>
</tbody>
</table>
| National Other Paperless Trade Systems | - India’s Indian Customs EDI System (ICES)  
- China’s e-Ports  
- Pakistan’s Web-Based One Customs (WeBOC)  
- Online e-C/O systems of Chamber of Commerce |
| Cross-border One directional Initiative | - Advance Filing Rule (Japan), Advance Manifest Service (Korea, China) |
| Bilateral Initiatives               | - Electronic Certificate of Origin between Republic of Korea and Taiwan Province of China  
- Electronic Certificate of Origin data exchange between China and Hong Kong and Macau  
- Electronic Sanitary and Phyto-Sanitary (e-SPS) exchange between Australia and New Zealand |
| Sub-regional Initiatives            | - ASEAN Single Window (Electronic Exchange of Preferential Certificate of Origin among ASEAN members)  
- Pan Asian e-Commerce Alliance (PAA) |
## 2. Review of Current Status

### Trade Agreement with Paperless Trade Provision

<table>
<thead>
<tr>
<th>FTA</th>
<th>Nature of Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN-Australia-New Zealand FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>Australia-Chile FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>Australia-Thailand FTA</td>
<td>Best Endeavour + Some Binding</td>
</tr>
<tr>
<td>Australia – US FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>China – Peru FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>India – Singapore CECA</td>
<td>Some Binding</td>
</tr>
<tr>
<td>Japan – Philippines EPA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>Japan – Singapore New Age Economic Partnership</td>
<td>Some Binding</td>
</tr>
<tr>
<td>Japan – Switzerland FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>Japan – Thailand EPA</td>
<td>Some Binding + Best Endeavour</td>
</tr>
<tr>
<td>Republic of Korea – Peru FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>Republic of Korea – Singapore FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>New Zealand – China FTA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>New Zealand – Hong Kong Closer EPA</td>
<td>Best Endeavour</td>
</tr>
<tr>
<td>New Zealand – Singapore Closer EPA</td>
<td>Binding</td>
</tr>
<tr>
<td>New Zealand – Thailand Closer EPA</td>
<td>Best Endeavour + Binding</td>
</tr>
<tr>
<td>Trans-Pacific SEP (Brunei, New Zealand, Chile Singapore)</td>
<td>Best Endeavour</td>
</tr>
</tbody>
</table>
II. Challenges and recommendations
1. Paperless Trade Platform of Korea

KTNET is a Paperless Trade Platform Operator and a Customs Network Service Provider designated by Korean Government.

KTNET services cover the whole cycle of trade process with 585 different kinds of e-documents with over 300 Million transactions per year.

- **Global e-SCM**
- **PAA**
- **Global e-C/O Service**
- **Advance Manifest Service**
- **S/R, e-B/L**
- **Master/House Manifest Consolidation**
- **General Declaration**
- **Cargo Visibility**
- **Advanced Passenger Information**

**B2B Commerce, License & Certification**
- P/O, Invoice, P/L
- Certificates/License
- C/O, Insurance, Tax Invoice
- Purchase Certificate of raw material

**Trade Finance**
- e-L/C, e-Local L/C
- e-Negotiation
- Settlement

**Logistics**

**Customs**
- Export Clearance
- Import Clearance
- Duty Draw-back (Tariff refund)

**Cross Border Transaction**
- P/O, Invoice, P/L
- Certificates/License
- C/O, Insurance, Tax Invoice
- Purchase Certificate of raw material

**Korean Single Window**

**UtradeHub**
1. Paperless Trade Platform of Korea

Increase of users by year and by interface type

**Number of PT Platform users**

<table>
<thead>
<tr>
<th>Year</th>
<th>E-Purchase Certificate</th>
<th>E-Local Letter of Credit</th>
<th>uTradeHub open</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>15,702</td>
<td>15,702</td>
<td>15,702</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2008</td>
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<td>2009</td>
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<td>2010</td>
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<td>2011</td>
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<tr>
<td>2012</td>
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<tr>
<td>2013</td>
<td></td>
<td>72,258</td>
<td></td>
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<tr>
<td>2014</td>
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</tbody>
</table>

**User Interface types**

- Internet Portal
- Stand alone Solution/ERP
- OGA portal
- Bank portal
2. Cross-border transaction services

- **Global e-SCM service:** around 160 customers with 150,000 ~ 200,000 transactions /y
  - To connect Korean suppliers and buyers with their overseas partners to exchange trade documents and data for commercial purpose (P/O, Invoice, Dispatch Advice, Delivery Forecasting and etc)
  - Customers are from various industries; automotive, semiconductor, distribution, logistics, and electricity

- **Cross-border e-C/O service:** over 60 Korean sellers and 140 Taiwan, China buyers

- **Advance Manifest Service:** Korea, Japan, USA and etc.
Before the implementation of paperless trade

3. Case of global e-SCM
3. Case of global e-SCM

After the full implementation of paperless trade
4. Pan Asian e-Commerce Alliance

PAA was established to enable secure and reliable transmission of trade and logistics data and documents. PAA members are Paperless Trade Service Providers, authorized by respective governments for electronic trade declaration and permits, and providing B2B and B2G local and cross border electronic messaging services on supply chain, logistics and financial transactions.

1. China : CIECC
2. Hongkong : Trade Link
3. Indonesia : PT EDI Indonesia
4. Japan : NACCS
5. Korea : KTNET
6. Macau : TEDMEV
7. Malaysia : DagangNet
8. Philippines : InterCommerce
9. Singapore : CrimsonLogic
10. Chinese Taipei : Trade Van
11. Thailand : CAT Telecoms
4. Pan Asian e-Commerce Alliance

Country A

CPS-A

Certificate Authority A

End User A

CA Service

Secure Cross Border Transaction Services

Service Provider A

CPS-B

Certificate Authority B

End User B

Club Agreement

Subscriber Agreement-A

Subscriber Agreement-B

Service Provider B

Interconnection Agreement, SLA

PKI Mutual Recognition

Certificate Policy

PAA Policy Authority

Recognition Agreement

Country B

CPS-B

Certificate Authority B

End User B

Club Agreement

Subscriber Agreement-B

Service Provider B

Interconnection Agreement, SLA

Certification Authority A

End User A
5. Korea-Taiwan province of China e-C/O project

- E-C/O: An APEC ECSG Pathfinder Project

- Dec. 2004, pre-meeting between MOCIE (public sector), KITA and KTNET (private sector) of Korea and BOFT (public sector) and Trade-Van (private sector) of Taiwan, China. Both sides reached an agreement to implement the cross border ECO exchange project using PAA framework.

- April 2005 and May 2006, the first and second official bilateral meeting between Korea and Taiwan, China were held.
  - Project scope and schedule was agreed

- Nov 2008, the third official bilateral meeting between Korea and Taiwan, China was held.
  - Signing ceremony of MOU for cross border ECO service
5. Korea-Taiwan province of China e-C/O project

**ECO Scenario** [Korea ➤ Taiwan, China]

- **Exporter**
  - ①CO APP ORG
  - ②ECO (for view)
  - ③Inv, P/L (specify ECO Number)

- **KTNET Repository**
  - ECO Enquiry on KCCI Website
  - With ID and Password
  - ④Sign to confirm ECO
  - Assign Customs Broker

- **Import Declaration**
  - ECO confirmed by importer
  - ⑤Generate Import Declaration Data

- **Importer**
  - ⑥Inv, P/L, ECO

- **Customs Broker**
  - ⑦Generate Import Declaration Data

- **Customs**
  - Import Declaration

- **KCCI**
  - ECO Enquiry on KCCI Website

- **Trade-Van Repository**
  - Inv, P/L, Attach ECO from repository

- **Korea**

- **Taiwan, China**
### 6. Challenges

Five main challenges to overcome to facilitate cross-border paperless trade:

- **Common International Standards**
- **Harmonization of Different Legal Framework**
- **Capacity Gaps among the Parties**
- **Cooperation between Public and Private Sectors**
- **Lack of Coordination Mechanism**
7. Recommendations

- Adoption of common international standards into national paperless trade systems
- Domestic legal framework in alignment with international model laws and conventions
- More rigorous capacity building program at regional level with reciprocal capacity building activities and support
- Dynamic platform where both public and private sectors can openly share their views and concerns and communicate readily
- Regional arrangement for the recognition and facilitation of cross-border electronic documents and data
Thank you

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