



# Connecting Supply Chain in the Region

*Practices and Perspectives from PAA*

**Sung Heun HA (Rama)**  
Director of Global Cooperation  
KTNET

25 September 2012

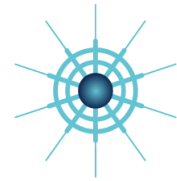


## Agenda

- 1 About Pan Asian e-Commerce Alliance - PAA
- 2 PAA Cross Border Framework
- 3 PAA e-Certificate of Origin
- 4 PAA Proposal on ASEAN e-Self Certification



## About PAA



**PAA.net**  
Pan Asian e-commerce Alliance



- |                    |                    |
|--------------------|--------------------|
| 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     |



**PAA.net**  
Pan Asian e-commerce Alliance



## Asia Economies and PAA Members

## PAA Membership

- **IT, Network 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.



## The PAA Mission

- To enable **secure** and **reliable transmission** of trade and logistics data and documents.
- To allow **inter-connection of network** services to provide e-Commerce transaction application services for the trade business community.
- To create a Pan-Asian portal to enable **global B2B connection** and communication.



## PAA Value Proposition

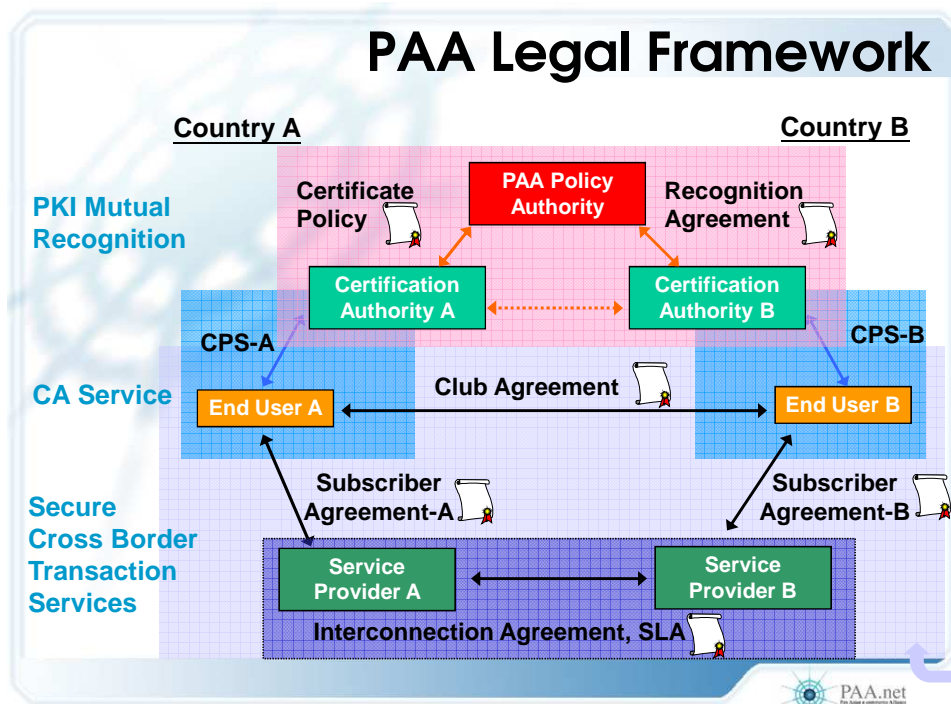
- **Comprehensive PAA Legal Framework**
  - Safe and secure electronic documents exchange
  - Mutual recognition of CAs/PKI
  - Dispute resolution
- **Facilitate Electronic Information Exchange, with reliable service backed by interconnection and service level agreement**
  - Reduce administrative costs
  - Faster transactions
  - Opportunities for improved operations, inventory management and increased sales and revenues



## PAA Cross-Border Framework



# PAA Legal Framework

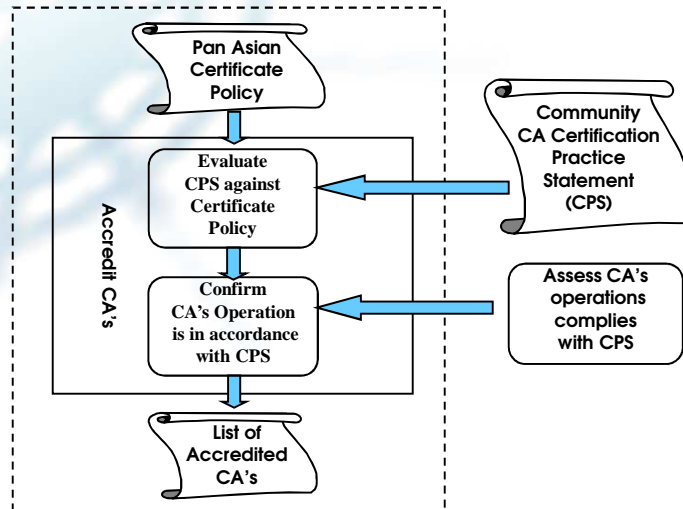


## PAA Agreements

- **Subscriber Agreement** with PAA Member Services Agreement, within the jurisdiction of the respective national eCommerce Act/Law, and the Rules on the Admissibility of Electronic Evidence in Court
- PAA Members' **InterConnection and Service Level Agreement**
- **PAA Club and Policy Agreement, CA/PKI Mutual Recognition**

# PKI Mutual Recognition

## Pan Asian Certificate Policy Authority

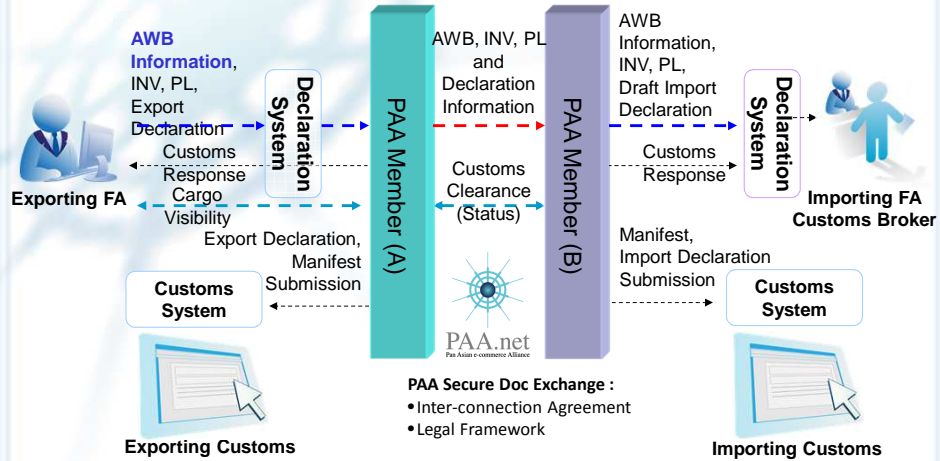


## PAA Supported Documents

- Purchase Orders
- Advance Shipment Notice
- Packing List
- Commercial Invoice
- Bill of Lading
- Air Way Bill
- Sea Way Bill
- Shipping Order
- Delivery Order
- Trade Declarations
- Certificate of Origin



## PAA Cross Border Scenario



**PAA  
e-Certificate of  
Origin**





## History

- 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 Chinese Taipei. 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 Chinese Taipei were held.
  - Project scope and schedule was agreed
- Nov 2008, the third official bilateral meeting between Korea and Chinese Taipei was held.
  - Signing ceremony of MOU for cross border ECO service



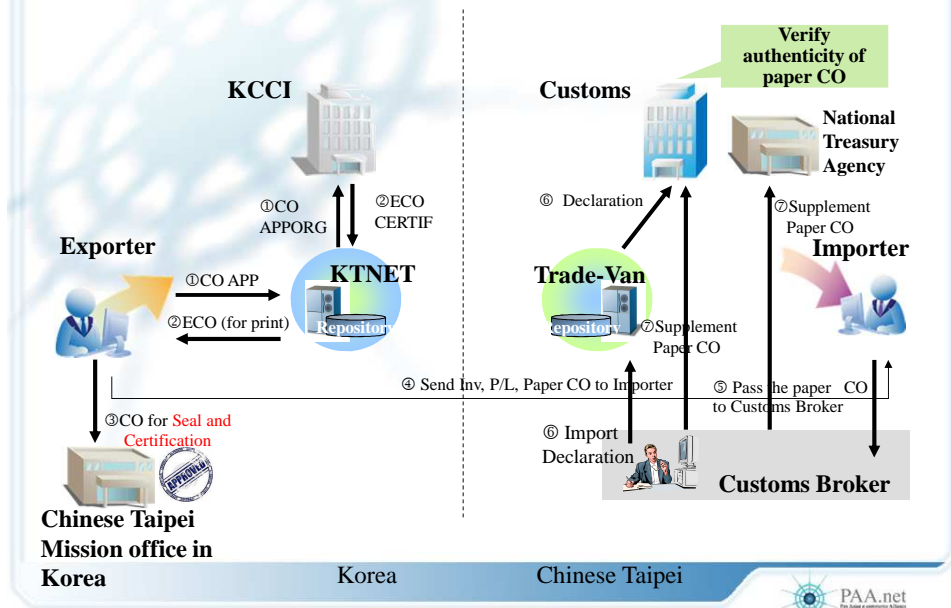
## Third official bilateral meeting between Korea and Chinese Taipei

	Contents
Date	<ul style="list-style-type: none"> <li>▪ 2008.11.21, Taipei</li> </ul>
Delegates	<ul style="list-style-type: none"> <li>▪ Korea : MOTIE(Trade Policy Section), KTNET and Korean Mission office in Taipei</li> <li>▪ Chinese Taipei : MOE(BOFT), Customs, Trade-Van</li> </ul>
Agenda	<ul style="list-style-type: none"> <li>▪ MOU signing for Korea-Chinese Taipei ECO Transaction Service</li> <li>▪ ECO Promotion Plan</li> <li>▪ Bilateral Cross-Border Paperless Trade Cooperation Measures</li> </ul>

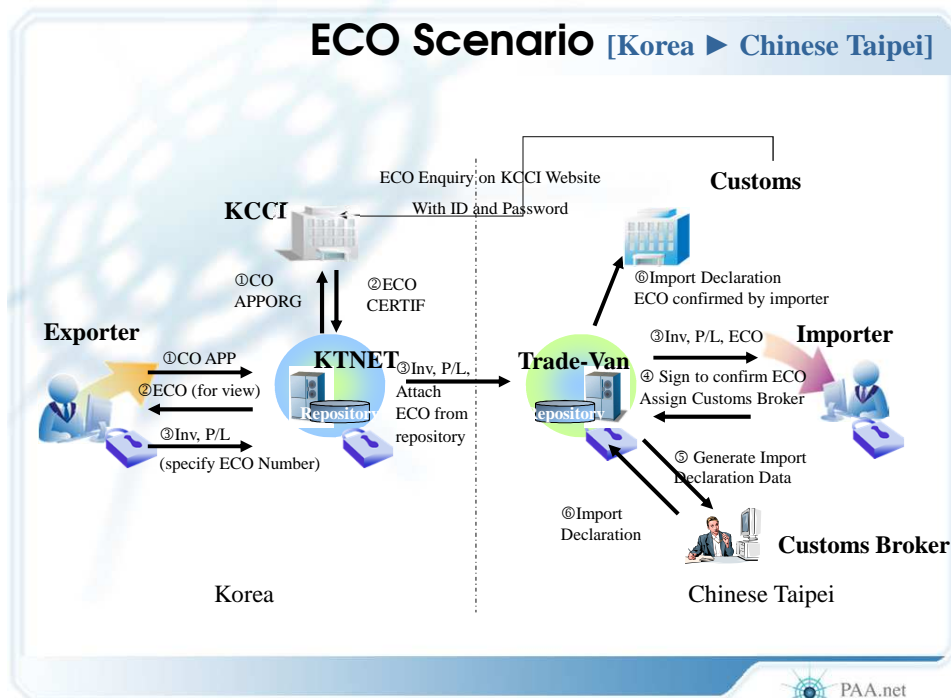




## Paper CO Scenario [Korea ▶ Chinese Taipei]



## ECO Scenario [Korea ▶ Chinese Taipei]



## Benefits to Government

- Be the **front-runner** in trade facilitation among other countries
- Guarantee the **authenticity** of the cross border documents , reducing possibility of fake CO
- Reduce effort in paper CO verification
- Speed up customs clearance process and better service to trader community



## Benefits to Exporters/Importers

### Exporter

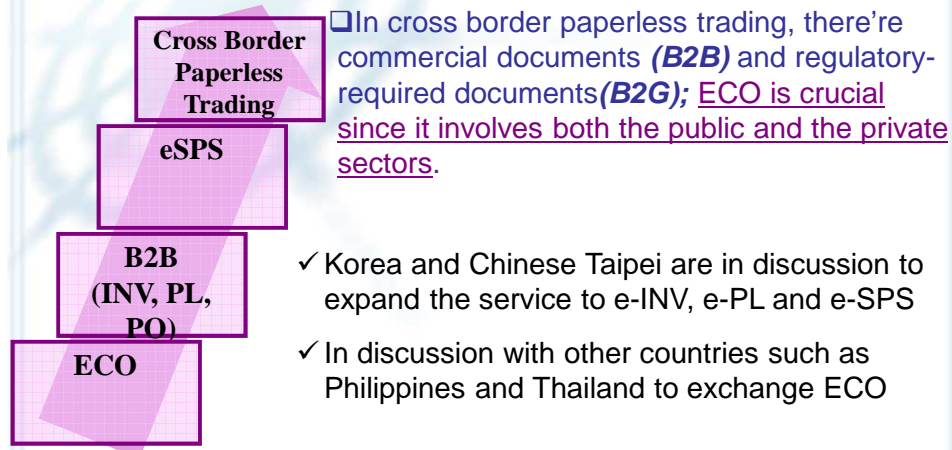
- Save time and costs (*courier express US\$23*) in applying and sending over paper CO
- No need to get a stamp/seal on the CO from Taipei Trade Representative Office in Korea → save tremendous time (*in average 3 days*) and costs (*US\$17 per stamp, transportation cost US\$20-40*)
- Transmit cross border documents in a secure online environment
- Better service to their buyers

### Importer

- Speed up customs clearance process
- Expedite cargo pick up → saving warehouse cost
- Guarantee of authentic CO

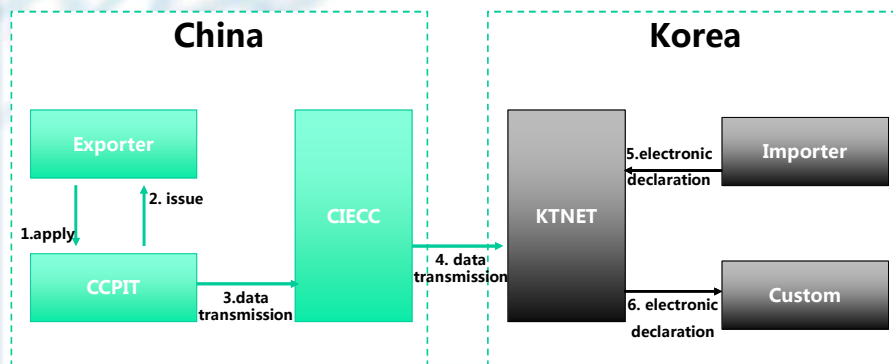


## The Way forward



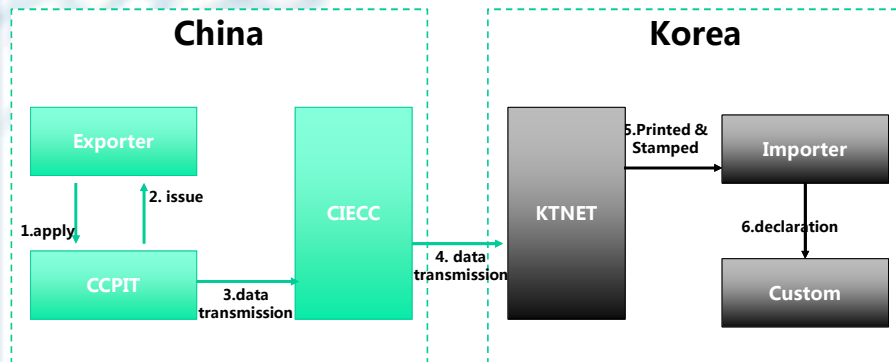
## Korea-China e-C/O project (1)

Model 1: Electronic data transmission



## Korea-China e-C/O project (2)

Model 2: eCO local printing



**PAA Proposal on  
ASEAN  
eSelf Certification**

## ASEAN Self Certification

### - Manual, Pilot Implementation

- **ASEAN Agreement on Self Certification for Trade Facilitation**
  - Pilot 1: Initially Brunei, Malaysia and Singapore, and now with Thailand
  - Pilot 2: Indonesia, Laos and Philippines
- **ASEAN Self Certification: Operating Customs Procedures (OCP)**
  - Issuing Authority accredits exporter, endorse exporter signature to Customs at Importing country
  - Exporter 'certifies/signs' on the Commercial Invoice indicating compliance of export products to ATIGA, and sends invoice as Invoice Declaration to importer
  - Importer submits Invoice Declaration to Customs, as support document to Import Declaration
  - Customs process Import Declaration, verifies Invoice Declaration (validate exporter signature)



## ASEAN Self Certification

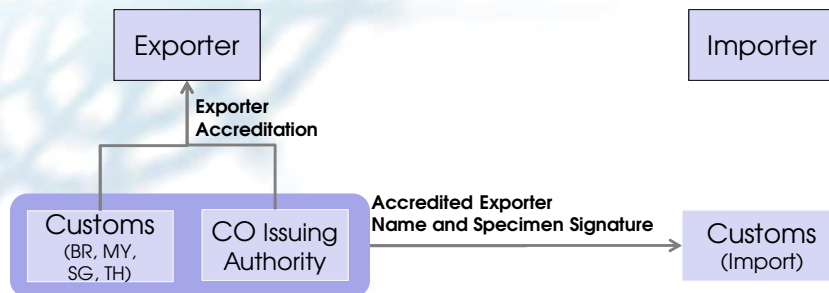
### - Manual, Pilot Implementation

1. **Accreditation of Exporters by Issuing Authority**
2. **Submission of Invoice Declaration - Self Certification**  
(Commercial Invoice, Packing List, Waybill)
  - By Exporter to Importer
  - By Importer to Customs together with Entry Declaration
3. **Customs verification of Invoice Declaration**
  - Certification and Exporter Signature
  - Invoice declaration vs Entry Declaration
4. **Duty and Tax Assessment (based on AFTA) and Clearance**



## Pilot Manual Self Certification

### Step 1. Accreditation



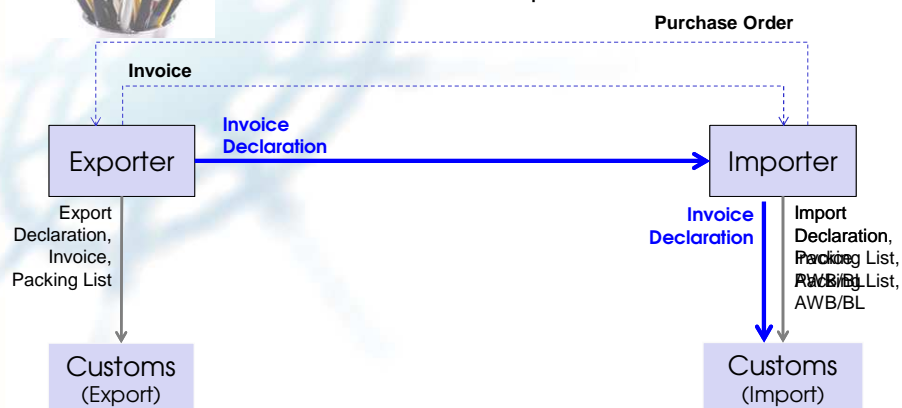
#### Challenges

- Number of exporters in ASEAN to be authorized for Self Certification
- Maintenance of Customs repository of authorized Names and Specimen Signatures, eg 60,000-120,000



## Pilot Manual Self Certification

### Step 2. Invoice Declaration



#### Challenges

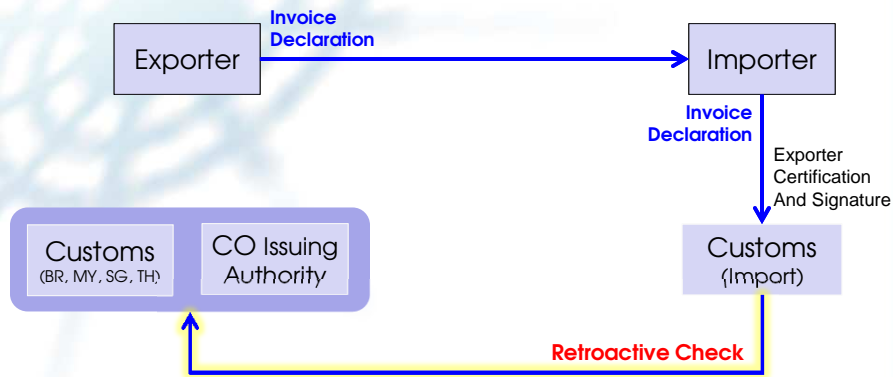
- Assurance of compliance to ASEAN ROO
- Authenticity, integrity of Invoice Declaration, exporter signature





## Pilot Self Certification

### Step 3. Verification



## PAA Proposal to ASEAN

### • PAA E-Self Certification Service

- Adopt PAA Legal Framework, CA and PKI Mutual Recognition and Interconnection Agreement for safe and secure electronic exchange of **Invoice Declaration**
  - B2B : from exporter to importer, and
  - B2G : from importer to Customs/NSW
- Adopt ASEAN Message Specification: Invoice, and the PAA Data Communication Protocol (ebMS)

### • PAA Members in ASEAN

- Indonesia : PT EDI Indonesia
- Malaysia : DagangNet
- Philippines : InterCommerce
- Singapore : Crimson Logic
- Thailand : CAT Telecom





## PAA Proposal on e-Self Certification

### Premises:

1. ASEAN members agree to amend ATIGA ROO and OCP to include guidelines to implement the eSelf Cert.
2. The Certificate of Origin Issuing Authority (Department of Foreign Trade or Customs, eg. Philippines and Singapore) to accredit and authorize exporters to do Self-Certification/eSelf Certification.
3. ASEAN Member (export) option to pre-qualified export products may be registered as compliant to the ATIGA ROO.
4. CO Issuing Authority option to require submission of e-Self Cert for monitoring exporter issuance of Self Certification.
5. Authorization of CA to issue digital certificates (PKI) to accredited exporters, adopt ASEAN Invoice data specification and PAA Message Exchange protocol (ebMS).
6. Customs (import) acceptance of valid E-Invoice Declaration as basis for applying applicable ASEAN ATIGA preferential tariff rate.



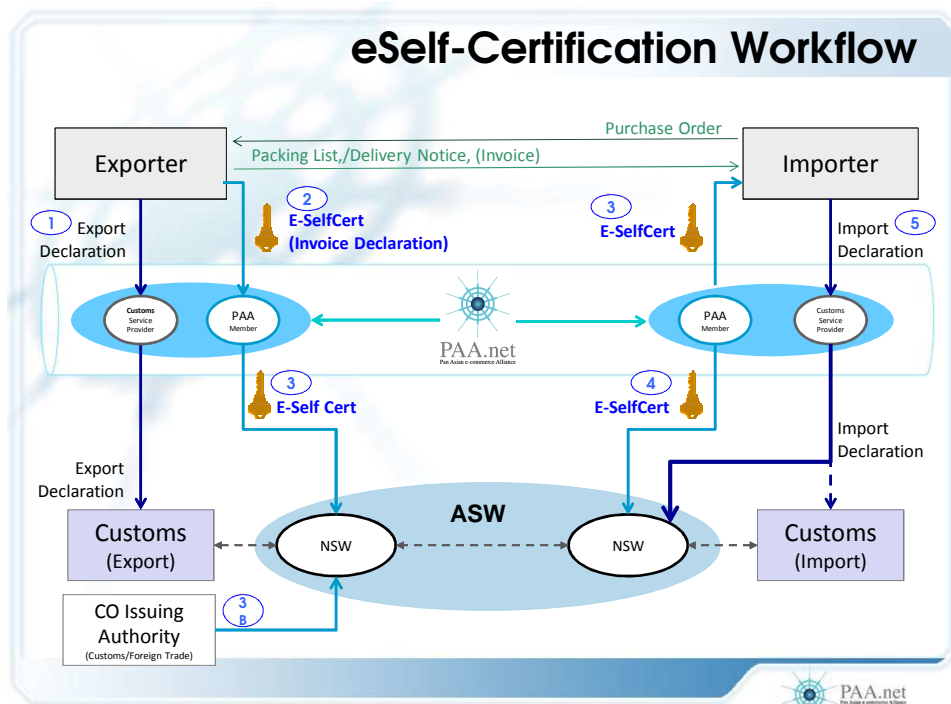
## PAA Proposal on e-Self Certification

### Proposed Scope of Work:

1. Establish a database of exporters authorized to Self-Certify. ASEAN members may agree on criteria for exporter e-Self Cert Accreditation.
2. Enable authorized exporters to electronically submit Invoice Declaration and use CA Digital Certificate to digitally sign Invoice Declaration; encrypted Invoice Declaration for transmission to buyer/importer
3. Enable automatic submission of Invoice Declaration to NSW; NSW to create Invoice Declaration database
4. Electronic validation of Invoice Declaration vs Import Entry
  - Automated validation between NSW and Customs system, or -
  - Online viewing of Invoice Declaration via NSW
5. Generate Periodic Reports on Self Certification, Issuance per exporter and Utilization per importer, per country of origin, etc.



## eSelf-Certification Workflow



## eSelf-Certification Workflow

### 1. Export Declaration

### 2. Preparation, Digital Signing and Submission of invoice/SelfCert thru service provider

- Online submission, or -
- Invoice XML upload

### 3. Receipt of e-SelfCert

- Buyer (Importer/consignee)
- NSW(Customs, Issuing Authority)

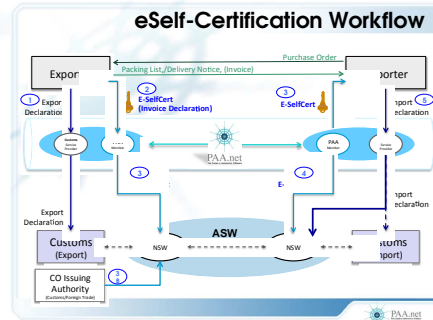
### 4. Submission of SelfCert to NSW (import)

### 5. Submission of Invoice Declaration by importer/consignee

- Electronic, attached with import entry declaration (or, simply use invoice number for validation)
- Invoice Declaration print-out (paper) + Entry, AWB/BL, PackingList, Permits/Licenses

## eSelf-Certification Workflow

- **Exporter submission of the Invoice/SelfCert to Buyer (B2B Exchange)**
- **Customs (import) receives eSelfCert**
  - Copy of eSelf Cert from exporter direct to Customs system or thru NSW, or copy of eSelfCert thru ASW from Issuing Authority-NSW (origin)
  - eSelf Cert from importer as support document to import declaration
- **Customs (import) validation of SelfCert submitted by importer vis-à-vis SelfCert in NSW**



## APTA e-C/O

Provisions  
against  
the Cross-Border  
APTA E-C/O Exchange

Provisions  
for  
the Cross-Border  
APTA E-C/O Exchange



## Key Takeaway

- The PAA is composed of accredited service providers of their respective Customs authorities and Other Government Agencies.
- The PAA network and legal infrastructure is available in member economies. This may be extended to other economies.
- **However, without the legal recognition of cross-border e-documents by its Governments, the benefit is limited**
- **Regional intergovernmental bodies with wide membership scope and proper mandate need to show leadership by initiating regional arrangement such as regional agreement**
- Dynamic platform where both public and private sectors can openly share their views and concerns and communicate readily



**Thank You!**  
IUAUK Loni

**ramaku@outlook.com**

