

Accelerating Trade Digitalization through DLT

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Pulling it all together: making trade digitalization happen



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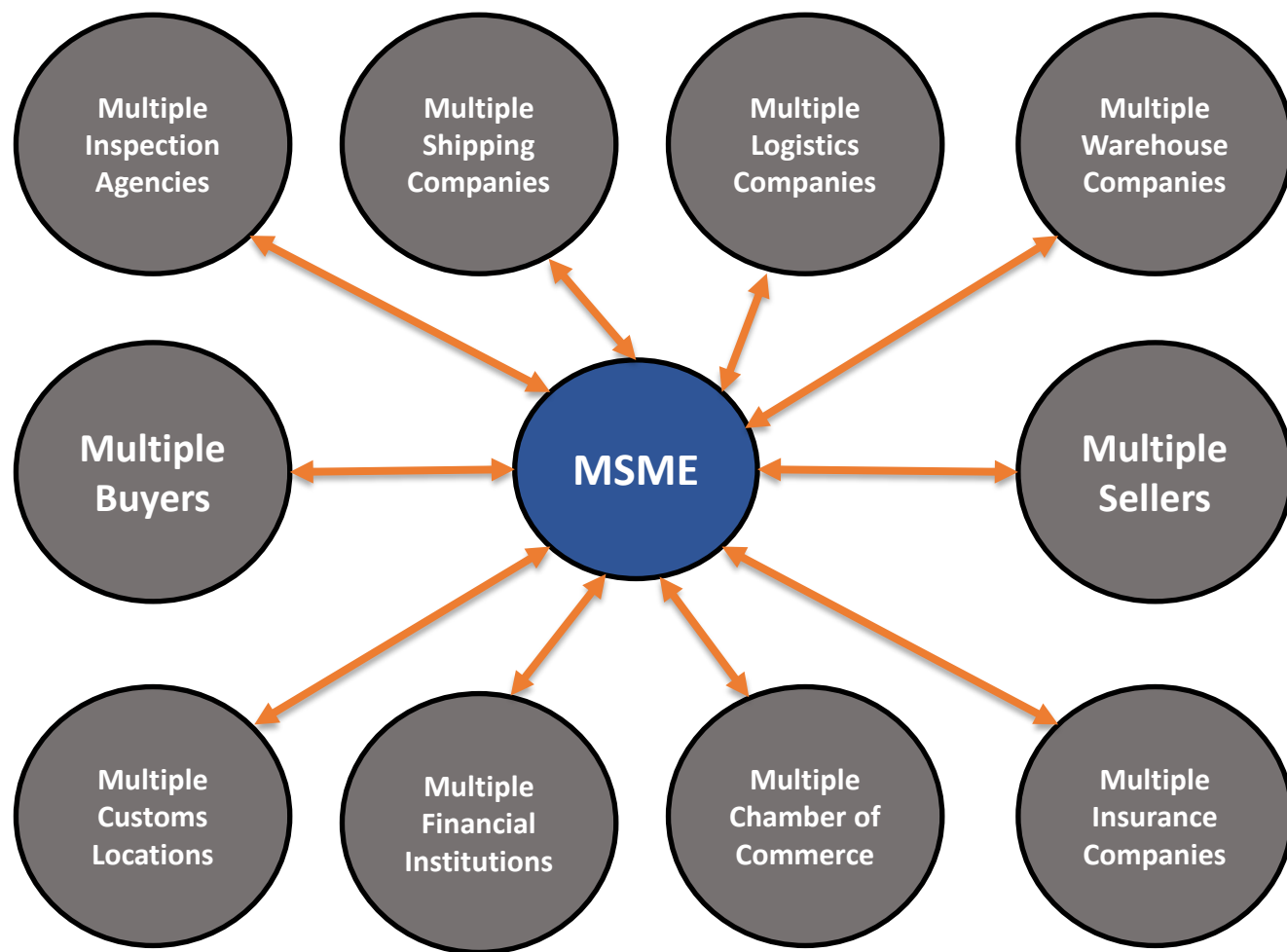


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Thinking about Digitization of Trade from an MSME perspective



Every party connects differently to each other

- ☐ paper
- ☐ email
- ☐ pdf
- ☐ excel
- ☐ word
- ☐ fax?
- ☐ private EDI network
- ☐ procure to pay network

ICC Roadmap for Digital Trade

	 LEGAL INFRASTRUCTURE	 RULES AND STANDARDS	 DIGITAL TRANSFORMATION
RESPONSIBLE PARTY	Government	ICC	Industry
ACTIVITY	Implement commitments, review laws, identify and remove barriers, align to international best practice	Build consensus, align resources, connect initiatives	Upskill teams, digitize processes, integrate systems, pilot innovative technology solutions

The Bigger Trade Facilitation Picture

a global study to gather evidence of intent and direction



Research Insights

Advancing global trade with blockchain

How to unleash value from trusted, interco marketplaces

<https://ibm.co./blockchain>

CHAPTER 1

Dawn is coming: Blockchain as a profitable investment

Personas

31% want join a network
69% want to build collaborative networks

Clearer patterns emerging

Use cases e.g. *billing and settlements*

Challenges – scaling, lack of standards, join competing networks

Value is redistributing

41% see positive returns already
20% ROI in 4 to 5 years and 56% ROI over 10 years.

IBM Blockchain

CHAPTER 2

Trusted marketplaces: Toward a data-driven blockchain economy

Trusted Data

>75% want to share data
<50% have enough trust to do so
88% need data sharing standards as joining criteria

Creating Network Participant Value

Data transparency and privacy important for customer satisfaction/ brand preference
Tokenisation an opportunity

Network Effect

90% expect 1%-10% GDP Growth
Greater profits with stakeholder focus not just shareholders
Caution to expand across major borders without trust

CHAPTER 3

A neutral entity: The global, interconnected blockchain

Interconnectedness

85% expect to working with at least 3 blockchain technologies
Need for hybrid cloud configurations

Common Services

Open framework for KYC, Digital ID
Marketplace to offer other services like inventory management

Neutral Trusted Venue

Opportunity to create and scale marketplace participation
Need more Government and Regulator guidance

Research Data : 1,000 companies, 22 Industries and 34 countries

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ACCELERATING DIGITISATION REQUIRES A HOLISTIC PLAN

SITUATION TODAY

FINDING STANDARDS IS DIFFICULT

No single view of trade processes and standards.

OUTDATED REGULATION

Legal uncertainty regarding acceptance of digital trade documentation.

PRIVATE LAW BARRIERS

Interoperability challenges in legal title management and liability frameworks

TRADE STANDARD ADOPTION GAPS

Limited clarity on foundational standards, limited activity to bridge standard gaps. Need to enable more efficient digitisation of processes by providing the required standards that simplify the digitation of trade processes.

COSTLY TECHNICAL INTEGRATION

Limited standards to simplify blockchain and non blockchain based integration.

DSI DELIVERABLES FOR 2021

UNIFICATION OF STANDARDS

Release online platform bridging industry and standard setting organisations.

CHAMPION LEGISLATIVE REFORM

Release advocacy packs to enable industry led government partnerships to make the business case for change.

INTEROPERABLE RULEBOOKS

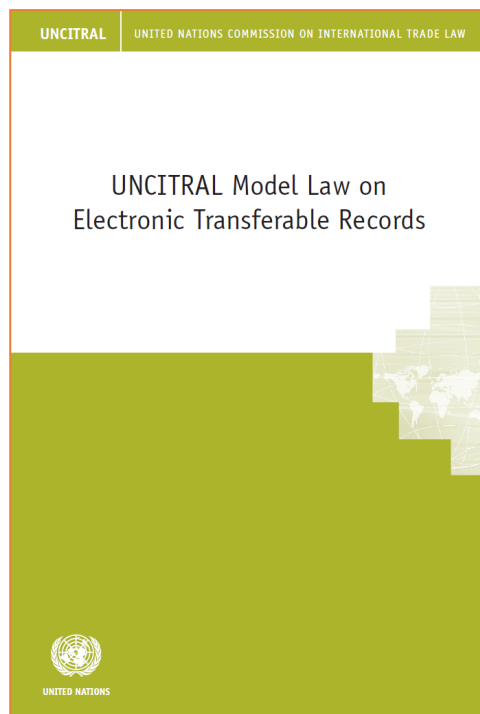
Draft digital terms and rules for title management and liability procedures.

GLOBAL TRADE STANDARDS HARMONISATION

Release two standard packages focusing on industry requirements.

TECHNICAL STANDARDS

Release standards for unique document creation and API connectivity.



Adopted in 2017 by the United Nations Commission on International Trade Law (UNCITRAL), the Model Law on Electronic Transferable Records (MLETR) enables the use in electronic form of bills of lading, bills of exchange, promissory notes, etc.

Seen as a key enabler of the data pipeline in digital trade financing and paperless trade facilitation

Supports the use of emerging technologies such as blockchain, IoT and smart contracts

- Enabling law: no new regulation or prescription
- 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

Enables e-logistics and e-trade financing

- A single ETR contains all up-to-date, complete, accurate and authentic data (data pipeline)
- Enables better governance with less compliance costs
- Reduces errors and inconsistencies, opportunities for fraud
- Suitable for cross-border use

With respect to COVID-19 economic recovery:

- Paperless trade minimises personal interaction
- Blockchain implementation increases traceability
- Full control over logistics and customs supply chain allow to track in real time and prioritise delivery of shipments
- Improved trade financing governance and reduced compliance costs allow easier, faster and more affordable access to credit (SMEs)



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Accelerating Trade Digitalization through Distributed Ledger Technology

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Partners

