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Digitalization and logistics resilience – lessons learned from COVID-19 and challenges ahead

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Northern star and principles

Northern Star

The ICC Digital Standards Initiative (DSI) will work towards the ambitious aim of establishing a globally harmonized, digitized trade environment – directly addressing disruptions experienced during the COVID-19 crisis as a result of the reliance of trade flows on paper documentation.

Principles



Re-use rather than recreate

The ICC Digital Standards Initiative advocates for the adoption of existing standards, when viable.



Engage standard-setting bodies

Leverage the expertise and knowledge of trusted standard-setting bodies.



Consider all approaches

Deliver standards that enable both blockchain and non-blockchain based approaches.



Accessible to all

Establish standards that are truly accessible to carriers, exporters, importers, banks, and customs agencies.



Enhance capacity

Ensure that the appropriate capabilities within relevant industries are leveraged to overcome challenges.



Lessons from COVID-19

BENT BUT NOT BROKEN

TRADE AND SUPPLY CHAIN PROVE MORE RESILIENT THAN IMAGINED

Critical “essential workers”.
Vital for next phase of
recovery.

Faster pivot to digital. Great
entrepreneurial opportunity.

Increase in costs, delays and
fraud related events due to
more paper bottleneck e.g. in
BLs and LOI utilisation.

DIGITAL ISLANDS PREVENT SCALE

NO LACK OF SOLUTION PROVIDERS BUT INTEROPERABILITY MISSING

1.2% eBL issuance, after 23
years.

No single view of available
standards. Open vs closed
standards.

Costly training, change
management, technical
integration e.g. blockchain and
non-blockchain.

LACK OF ENABLING RULES & REGULATIONS

FRAGMENTATION PREVENTS PAPERLESS TRADE

Legal uncertainty regarding
acceptance of digital trade
documentation.

Different requirements across
jurisdictions, between
businesses and government
agencies.

Constantly evolving compliance
and regulatory processes in
response to pandemic situation.

The challenges ahead...

SPEED UP LEGISLATIVE REFORM



Model Law on Electronic Transferable records (UNCITRAL MLETR)

Bahrain (2018)
Belize (2021)
Kiribati (2021)
Papua New Guinea (2022)
Paraguay (2021)
Singapore (2021)
UAE - ADGM (2021)

UK?
G7?
G20?
APEC?
ASEAN?...

HARMONISATION OF STANDARDS



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INTEROPERABILITY - THE ULTIMATE TEST



API



What kind of policies can help?

LEGAL RECOGNITION OF ELECTRONIC DOCUMENTS AND SIGNATURES

Identify the legal, regulatory and technical obstacles to use Electronic Transferable Records (ETRs)

Commit to a timeframe to adopt MLETR in domestic. Identify a single lead department who is responsible for digitising trade and work with IOs.

Commit funding, capacity building to help lay down the digital infrastructure (legal, technical, business).

INTERGOVERNMENTAL COORDINATION

Framework For G7
Collaboration On ETRs

Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (UNESCAP)

E-commerce Joint Statement Initiative Negotiations (WTO)

Etc.

CONSULTATION WITH BUSINESS COMMUNITY TO ENSURE FIT AND VIABILITY

Global digital identity system

Cross-border flows of data

Interoperability among national/subregional single windows and other platforms

How to make modern trade rules work better for people and planet

Global Business Priorities for the WTO



Introduction

The global business community places great importance on the World Trade Organization (WTO) and the broader multilateral trading system.

Twenty-five years after its creation, the WTO remains the most important forum for creating modern trade rules, providing transparency for government actions that promote and hinder trade, and resolving disputes between Member States.

However, the WTO is in need of reform and new rules must be written to ensure it continues to serve the needs of businesses—the ultimate end-users of the global trading system.

This paper outlines five key priority areas that the global business community would like Member States to address at the upcoming Ministerial Conference (MC12) and build into a work programme over the next few years.

Updating the WTO's "operating system", meaningfully dealing with the COVID-19 pandemic and broader public health issues, creating trade rules to promote environmental sustainability, updating the "rulebook" to take account of the modern digital economy, as well as making trade as inclusive as possible would not only serve business interests but also broader expectations from citizens and civil society.

The following 27 concrete recommendations—drawn from extensive consultations from the International Chamber of Commerce's business network across all continents and all levels of development—provide a roadmap for an ambitious, yet realistic, revitalisation of the WTO that would make the multilateral trading system better work for people and for the planet.

WTO Reform

1. **Agree on a coherent holistic vision for WTO reform.** Above all, WTO Members must give leader-level political support to make the necessary reforms and improve the functioning of the WTO. Leaders should agree to a collective vision on the common objectives and foundational principles of the WTO, including market access and trade liberalisation, and the key areas of reform to prioritise. Leaders should mandate trade ministers agree on a package of reforms covering all three pillars of the organisation—negotiations, dispute settlement and monitoring national trade policies.
2. **Put market access back on the agenda.** Increasing market access remains a core business priority across the whole swathe of WTO rules. The General Agreement on Trade in Services is not up to date regarding the development of the services economy and the Domestic Services Regulation Initiative, while welcome, lacks provisions on market access for services. WTO Members should, as part of any broader holistic vision for WTO reform, prioritise ensuring the WTO goes "back to basics" and promotes market access, especially in services and the digital economy.
3. **Agree on a path forward to improving the negotiation function.** This should include recognising the legitimacy, legality and need for advancing rulemaking through open, transparent and inclusive plurilateral negotiations that extend negotiated outcomes to non-participants on an MFN basis exemplified by the 'Joint Statement Initiatives'. Global business, including in developing countries, has very high regard for the steps taken since MC11 on the various JSIs under negotiation. WTO Members should recognise the power of plurilateral negotiations in writing trade rules fit for the twenty-first century and as a means through

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Global Business Priorities for the World Trade Organization



Get the document

<https://iccwbo.org/publication/global-business-priorities-for-the-world-trade-organization/>

Drawn from extensive consultations from ICC's business network, these 27 recommendations provide a roadmap to enable the WTO to make the multilateral trading system better work for people and for the planet.

