



**PRACTICAL EXPERIENCES ON  
ENABLING TRADE FINANCE  
DIGITALISATION**

16 January 2023

## Today

The system is inefficient, costly and complex.

### Antiquated laws — heavily paper-based systems

- Digitalised commercial trade documents not accepted in 188 countries
- 27 documents in a typical trade transaction
- 4 billion paper based documents
- 2–3 months average trade transaction time
- 1% of bills of lading are in digital form

### Digital islands – fragmented systems

- Information unable to flow between actors in standardised formats
- Data can't be aggregated across global supply chains
- Technology solutions unable to scale effectively across borders

### Trade finance gap - access to working capital

- \$1.7 trillion trade finance gap



## Future

Systems interoperate enabling trade to be cheaper, faster, simpler and more sustainable.

Trade is paperless and frictionless — all trade documents are handled in digital form

Trade platforms, systems and processes are fully interoperable — information is flowing in standardised form across borders between the public and private sector

Trade finance gap is reduced 50%

Trade transaction costs are 80% cheaper

Average cross border compliance processing time is 1 day instead of 25 days

Atomic settlement is the norm — payment happens automatically when goods cross the border

Smart technology solutions are reducing the burden of KYC and AML bureaucracy and tackling fraud

Smart contracts are the norm

Transparent, real time data provides greater supply chain transparency



## Action

Digitalise 60-80% world trade by 2026

### Shape frameworks

Work through the ICC Digital Standards Initiative to provide interoperable digital laws, rules, standards frameworks

### Implement solutions

Implement interoperability frameworks across public/private sector systems – MLETR, URDTT, WTO/ICC Standards Toolkit

Scale up private sector investment

- Reform legal environment - digitalise high value, volume corridors
- Pilots and implementation projects to digitalise high value, volume global supply chain ecosystems

### Promote international best practice

Educate and build capacity – skills, business

cases, case studies, toolkits

# Status - Roadmap

Legal Reform	Standardisation	Implementation
<b>DSI-led call to action to all governments to remove legal barriers and align laws to UNCITRAL Model Law on Electronic Transferrable Records (MLETR)</b>	<b>DSI-convened programme to develop and provide interoperable rules and standards frameworks to enable trade digitalisation</b>	<b>Private sector led, government supported.</b>
<b>Legal Reform Advisory Board</b> - overseeing programme. Incl. MDBs, G7, AfCFTA, ASEAN, business organisations	<b>Industry Advisory Board</b> - overseeing programme. Incl. international standards bodies, institutions, business representatives	Approx. 20-30 business organisations engaged but most at early stages of understanding what laws need to change and how to do it
<b>Legal framework – MLETR</b>	<b>Standards frameworks</b> - WTO/ICC Standards Toolkit, Data Harmonised Trade Document templates	Bodies coordinating pilots incl. ASEAN Business Advisory Council, Thai Bankers Association, DCSA, C4DTI, Swift
<b>Tools</b> - ICC Guide to Legal Reform, 60 x business cases (G7, Germany, UK, Commonwealth), Benchmarking Index	<b>Rules framework</b> - ICC Uniform Rules for Digital Trade Transactions,	Numerous international banks are running pilots incl. HSBC, Standard Chartered, JP Morgan, Lloyds...
<b>Technical assistance to low to middle income countries</b> - China, Vietnam, Georgia, Thailand	<b>Other tools in development</b> - Trusted Technologies guidance, certification, training	Governments involved in implementing MLETR related cross border pilots incl. Japan, Singapore, Thailand, UK
40% world trade harmonising laws - 7 countries aligned to MLETR incl. Singapore. G7 alignment underway.		
86 countries preparing to align to MLETR - WTO		
UNESCAP (54 countries), ASEAN (8% world trade) integrating MLETR alignment into existing frameworks		
G20/Commonwealth - targeted advocacy 2023		

# Status – UK Legal Reform

## Electronic Trade Documents Bill

Entered Parliament – October 2022

Currently at Committee Stage

On track to come into force: **May/June 2023**

## What will change?

All commercial trade documents will be legally accepted in digital form – treated the same as paper documents.

English law be aligned to UNCITRAL Model Law on Electronic Transferrable Records (MLETR) – interoperable with all MLETR enabled/English law jurisdictions

## Bill passage



Follow progress here <https://bills.parliament.uk/bills/3344#timeline>

**ICC Guide to Legal Reform**

Available for download here <https://bit.ly/3ilqBnz>

# Status - EU digital trade legal framework

## Current status

- EU Commission part of G7 ETR Working Group with France, Germany, Italy
- EU is supporting MLETR commitment in WTO Ecommerce negotiations
- DG Digital / DG Trade fully aware of issue
- EU concern about legal fragmentation – G7 advance, rest of EU get left behind
- Legal reform a national competence within EU framework
- No central mechanism to support pan-EU alignment to MLETR
- No regulatory proposal being considered
- 2022 - ITFA/ICC proposed expanding EIDAS to incorporate commercial trade documents – wasn't accepted

## Options?

- Possibly best option now through WTO Ecommerce Agreement
- Due to finalised at MC13, 2024

## CALL TO ACTION

ICC is calling on all governments to remove legal barriers to digitalizing commercial trade documents and aligning legal systems to MLETR framework

Pressure your government to take action - write to your trade minister, MEP and ask for a response on what your government is doing.

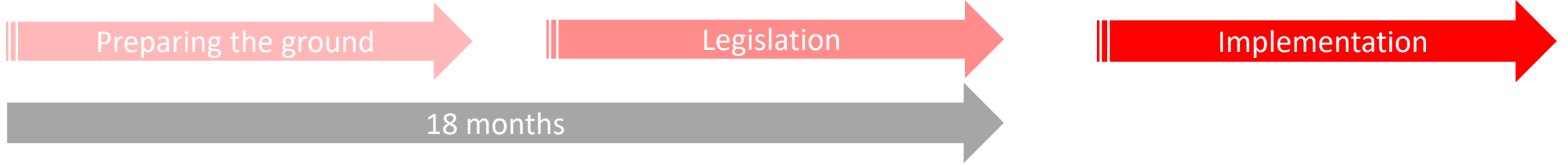
Write to the EU Commission, raising your concern about the EU being left behind and asking for a progress update on MLETR alignment.

## EU Contacts

Lukas Repa, Senior Policy Officer, Digital Innovation & Blockchain Unit, [Lukas.REPA@ec.europa.eu](mailto:Lukas.REPA@ec.europa.eu)

Astrid Schlewing, G7 ETR Working Group lead, [Astrid.Schlewing@ec.europa.eu](mailto:Astrid.Schlewing@ec.europa.eu)

# Guide - Legal Reform Process



## PRACTICAL ACTIONS

1. Build the business case
2. Identify a lead government department
3. Identify a neutral lead organisation to coordinate the campaign i.e. ICC
4. Engage all trade constituencies
5. Build an alliance
6. Make the national case for change!

### Business cases and advocacy tools

can be downloaded here  
<https://www.dsi.iccwbo.org/policymakers>

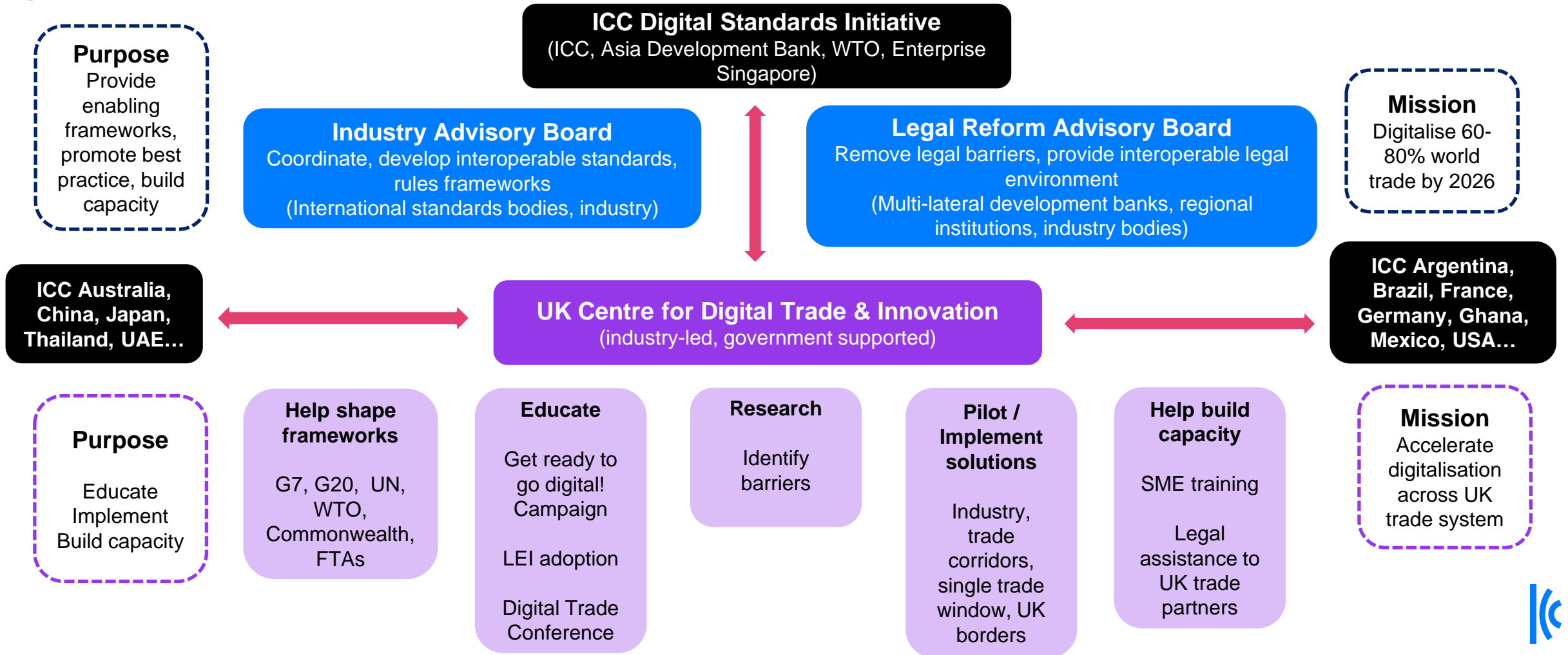
## PRACTICAL ACTIONS

1. Support the legislation process
2. Prepare the market
  - Launch a Get ready to go digital! campaign
  - Identify early adopters/target priorities – Banks, MNCs, high value/volume corridors/sectors
  - Begin training and education
  - Increase adoption of digital identities
  - Begin shadow/dummy pilots to test the application of interoperable legal, rules, standards frameworks

## PRACTICAL ACTIONS

1. Focus on value/volume – companies, sector, trade corridors
2. Run live interoperability test pilots across all public and private sector systems and through trade corridors/supply chains
3. Use the pilots to make the case for all trading companies to digitalise systems
4. Educate and train to build capacity

# Ecosystem - ICC Digital Standards Initiative / UK Centre for Digital Trade & innovation



# Best in class model – UK/Singapore Digital Economy Agreement

## Open and inclusive digital markets

1. duty-free digital content
2. co-operation on competition policy
3. support for small businesses
4. standards and conformity assessment
5. a more inclusive digital economy

## Data flows

1. cross-border data flows
2. international data centres
3. personal data protection
4. open government information
5. data innovation

## Consumer and business safeguards

1. online consumer protection
2. consumer protection against spam
3. online safety
4. cyber security
5. protection for cryptographic information
6. protection for source code

## MoUs

UK-Singapore Fintech Bridge

DEA Digital Customs

DEA Cybersecurity

DEA Digital Identities

DEA Electronic Trade Documents and Electronic Invoicing

## Digital trading systems

1. modern electronic contracts
2. digital authentication
3. digital invoicing
4. paperless trading
5. digital customs
6. modern logistics

## Financial services

1. financial information
2. new financial services
3. electronic payments

## Tech partnerships

1. artificial intelligence and responsible use of emerging technologies
2. lawtech collaboration
3. collaboration on digital identities
4. stakeholder engagement and collaboration

## Additional provisions

1. information sharing
2. security, prudential carve-out and general exceptions
3. submarine cable landing systems

Find out more here

<https://www.gov.uk/government/publications/uk-singapore-digital-economy-agreement-explainer>



# C4DTI – UK/Singapore Interoperability Pilots

## Governance

UK/Singapore Digital Economy Agreement  
DEA SteerCo  
DEA Pilot SteerCo  
C4DTI / IMDA Delivery Partnership

## Objectives

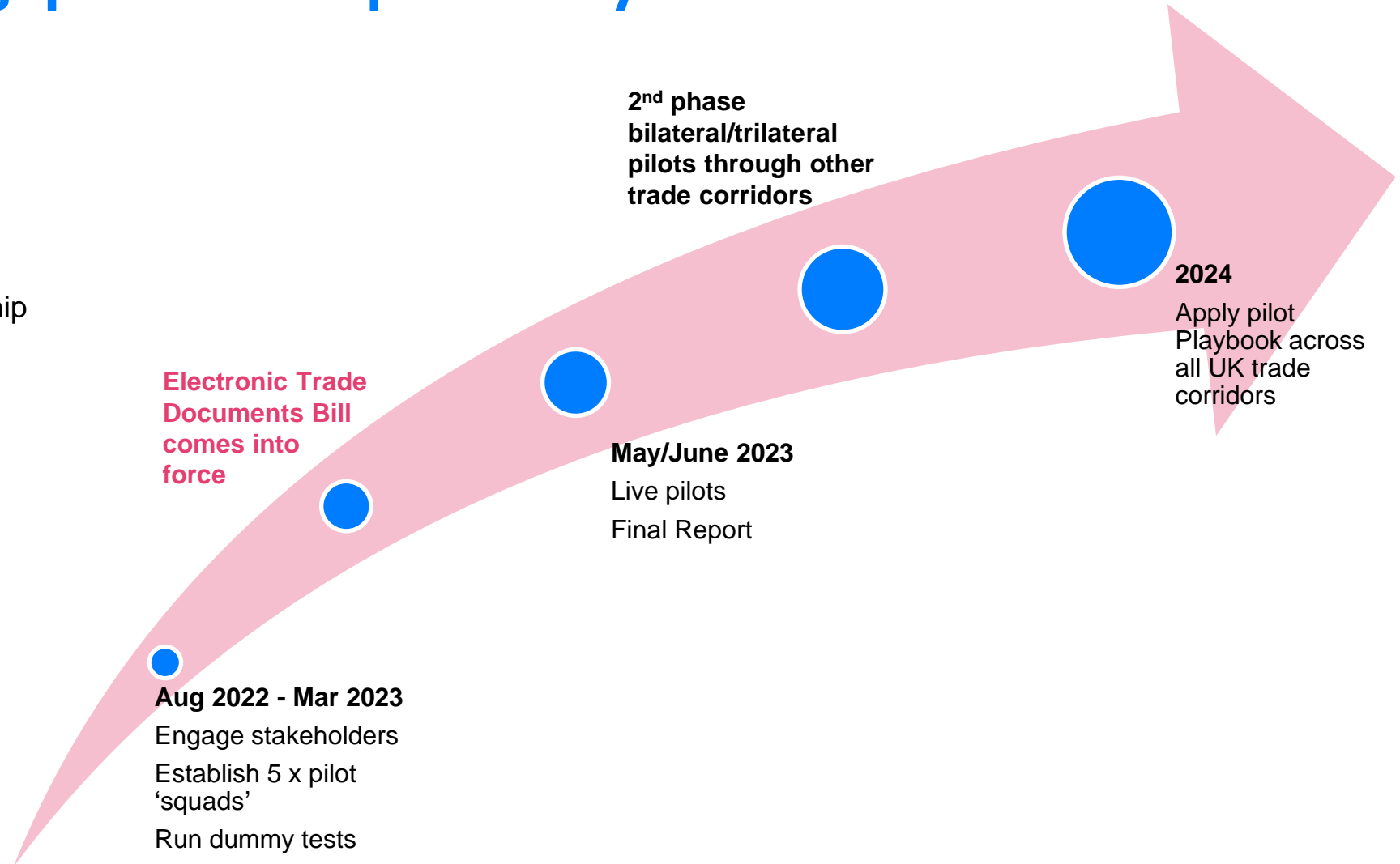
Develop open, interoperable systems  
Technology agnostic

## Desired Outcomes

Cheaper, faster, simpler trade

## Interoperability Playbook

Test uniform approach to pilots  
Develop a common approach to criteria, metrics, reporting



# 8 lessons learnt

## Get started!

**Collaborate, build alliances** - can't solve the problem through a single sector, requires cross-sector, multi-disciplinary approach

**Leverage support/resources available** – ICC Digital Standards Initiative, C4DTI, ICC France, Germany.....

## Plan around 3 delivery phases:

1. Preparing the ground
2. Pre-legislation market preparation
3. Post legislation implementation

**Prioritise legal reform** – full implementation can't happen until legal barriers are removed and reform takes time

**Impartiality is essential** – the convening body must be neutral to all parties and be able to convene all parties and be non-commercial

**Engage with government early** - don't underestimate the importance and time it takes to identify and secure a lead government department who will 'own' the legislation

**Don't underestimate the challenges in government** – up to 7 central government departments involved, up to 35 departments/agencies interacting with borders all with fragmented systems