

Turning digital islands into a connected world

How to energise a paperless trade world

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Overview

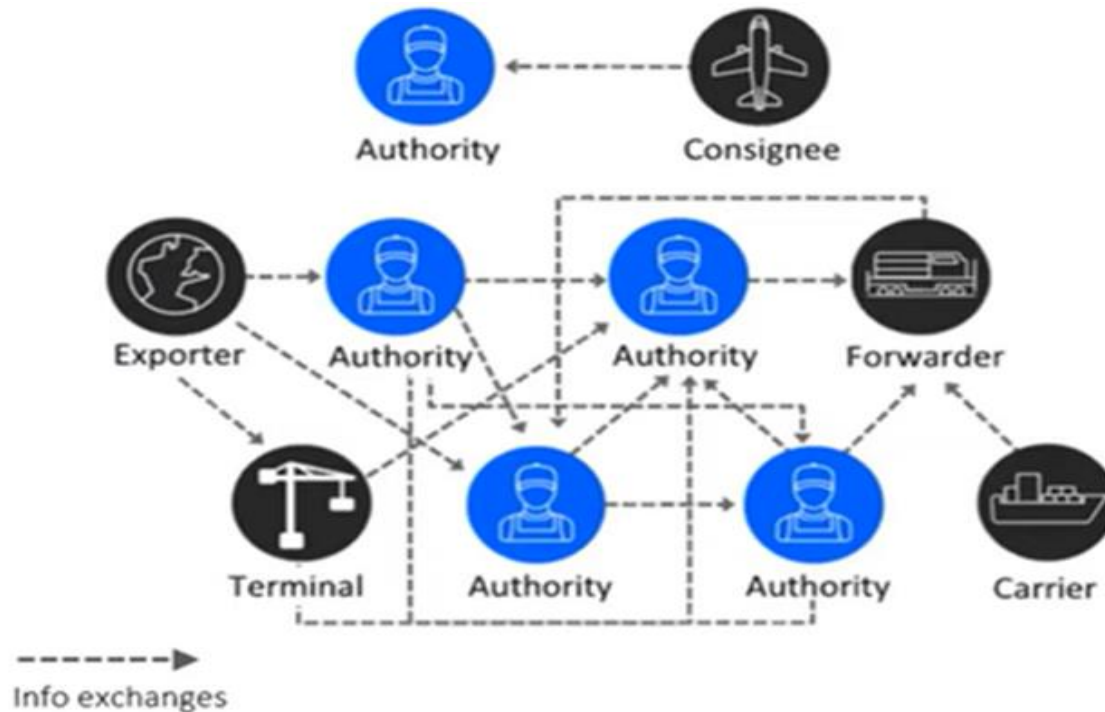
- Digital trade provides significant benefits for participants – not only for existing traders but those wanting to participate.
- The benefits have been recognised since the 1960s by the UN.
- Challenges are more difficult than we thought:
 - Managing the change can be difficult
 - Actors in the supply chain benefit from paper-based trade.
- Pathways need to be found demonstrate the benefits since many are on-going.

What is it? (not a new idea)

Digital/paperless trade is the digitisation of information flows that enable the transit and exchange of goods and services (EU 2017)

In 1961 a UN Working Party on Facilitation found that trade would be enhanced by facilitating: *“international trade and transport by promoting rationalisation of trade procedures and the effective use for this purpose of electronic or other automatic data processing and transmission.”*

Why is it important?



Benefits are well known – Up to 20% of logistics costs
And this is just the start....

Degree of internal and international cooperation

Paperless trade enablers and permissioned parties

Enables digital trade flows

Impact

- International assistance**
 - Model laws & approaches
- Infrastructure**
 - Digital networks
- Regulatory environment**
 - Data flow regulations
 - Cross department & cross border connections
- Business stakeholders**
 - Banks, insurance companies
 - Ports, airports, shipping companies
 - Logistics companies
 - Customs Brokers & Freight Forwarders
 - Importers/exporters
 - Others (retailers)

How?
(Nature)

What?
(Type of flow)

Who?
(Actors)

Physically delivered
Port clearance/bonded warehouse
Digitally delivered

Live/Fresh
Manufactured
Services
Other

MSMEs/SMEs
Women-led
Indigenous
Large business
Multinational

Building trust improves:

- Connectivity
- Productivity
- Predictability
- Visibility
- Inclusiveness

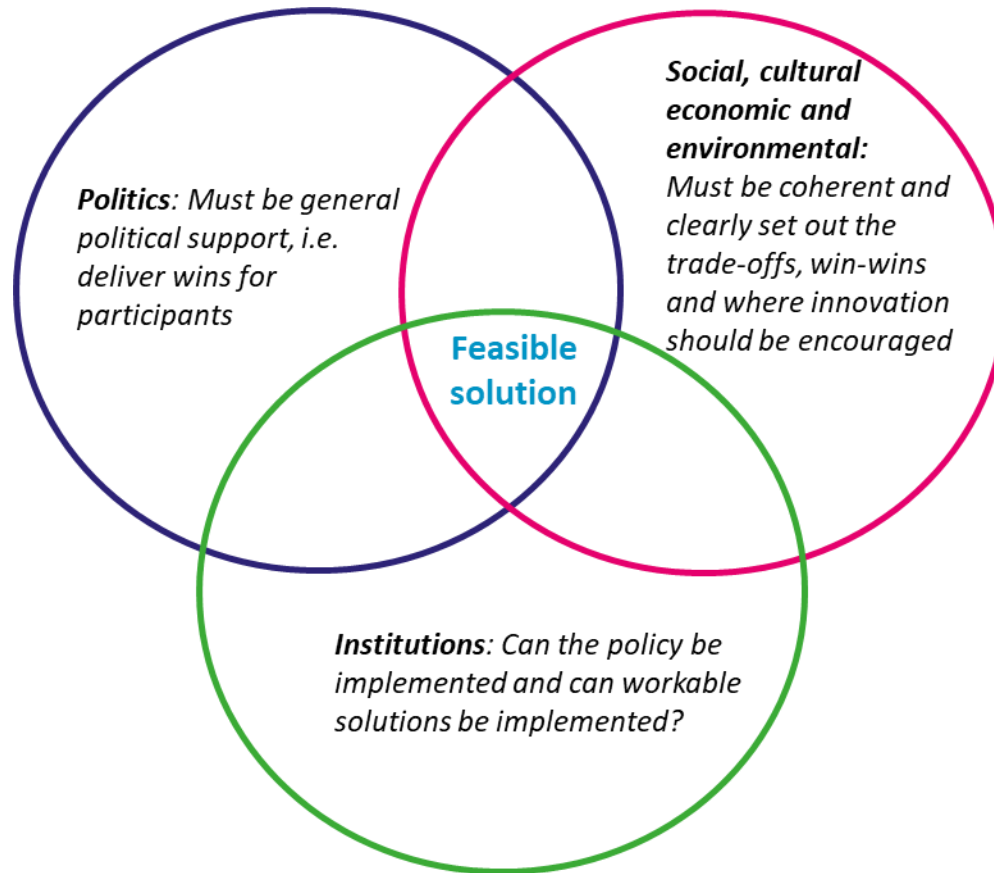
Data flows

The degree of interoperability

What are the costs?

- “Trade for All”. To fully engage MSMEs and SMEs will require government to think about outreach. Most businesses in NZ are small.
- Reorganisation of a company’s back-office does require substantial re-tooling
 - Capital needs
 - Skill support
 - Working guides
 - Development of networks of small business facing similar issues.
- A demonstration effect may be required. Need to address their fear of exporting.

Where do we start?



The politics comes first

Action	New Zealand action	Comment
Accede to international agreements on paperless trade	New Zealand has completed two steps out of eight	There are significant issues we need to address
Create a coordinating group of stakeholders	A loose set of stakeholders	No coordinating function
Designated lead agency	No lead agency	Increases risks that efforts will flounder

Straight out of the UN ESCAP play book

The economic, social, environmental and cultural drivers

- Benefits are clear ... and have been for a very long time
- MSMEs and SMEs may need some “one-off” support and training
- There are environmental benefits

The nuts and bolts of implementation

- “Whole of government” action is a challenge for all jurisdictions including New Zealand
 - We need to see action and we are seeing some movement (legacy systems are being replaced)
 - COVID has acted as a wake-up call and has increased focus on the supply chain.
- There is help from UN ESCAP, ICC, OECD, WTO and many others
 - Single Trade Window is best practice (UN ESCAP)
 - Trade Facilitation Agreement (WTO)
 - UN Framework on Facilitation of Cross Border Paperless Trade in Asia and Pacific.

Recent developments

- Digital Negotiable Instrument initiative
 - Sets out the specifications for electronic documents to make them functionally equivalent.
- Adoption of the Model Law on Electronic Transferable Records (MLETR). Small and large economies are actively adopting clauses.
- Future International Trade Alliance (FIT Alliance). Gathering momentum.
- Electronic Trade Act (UK).

Summing up

- World is moving slowly toward a paperless trade approach.
- We should not take it for granted
 - Implementation costs can be substantial
 - Watch what people/entities/governments do, not their pronouncements.
- Plenty of help available from international organisations.
- International logistics companies are getting organised. We will need to connect in a seamless manor to reap the benefits