Digital trade for MSMEs: momentum and acceleration

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In over 90% of the trading world, trade and supply chain data is embedded in paper forms (physical or pdf), multiplied each time that goods and services cross borders before reaching the end consumer.

This data must be manually extracted, validated and entered into IT systems, most of which are not connected to each other.

The process is:

• prone to errors, discrepancies and even fraud

• time consuming and costly

• environmentally inefficient

Key obstacles to digitizing trade in businesses and supply chains*

- **Countries are at different stages of regulatory reforms** that would legalize Electronic Transferable Records (ETRs), providing legal certainty and recognition.

- **Taxonomies, standards, and technologies** vary widely across the trading system even where there is alignment on digitalization. Interconnection must be individually negotiated and accomplished.

- **Digital networks** have been created to drive common approaches and standards, and while these enable economic efficiencies, there are no established means to connect “digital islands” to one another.

*result of DSI's industry consultation in 2021
About Digital Standards Initiative (DSI)

**Mission**

The ICC Digital Standards Initiative (DSI) aims to accelerate the development of a **globally harmonized, digitalized trade environment**, as a key enabler of dynamic, sustainable, inclusive growth.

We engage the **public sector** to progress regulatory and institutional reform, and mobilize the **private sector** to align on standards and to adopt and scale digital trade and supply chain processes.

**Governance**

Our Governance Board sets the strategic direction, objectives, and engagement structure of the initiative annually and comprises the following organizations:

- ICC
- ADB
- Enterprise Singapore
- World Trade Organization
- World Customs Organization

**Principles & Practices**

- **Adapt & Apply**
- **Convene & Collaborate**
- **Transparency & Accessibility**
Vision of 70-80% of global trade digitalized within 5 years

All key supply chain and trade documents digitalized to consensus data sets, with clearance on trade platforms that facilitate data exchange and sharing of aggregate data.

For Supply Chains

- **Speed, traceability & flexibility** with real time data flows and decisions
- **Sustainability** data tracked digitally for consumer choice and preferential financing
- **Lower overall transport and logistics costs** due to automated clearing, reduced errors and lower admin on shipments

For Governments

- **Traceability & security of customs and trade** without the additional manpower demands
- **Decreased fraud** and tax non-compliance
- **Real time actions** on supply of key goods and services

For SMEs

- **Growth thru global markets** with easier, more transparent trade standards and border procedures
- **Access to more finance** with data-driven credit scoring
- **Compete on level playing field** with more established corporates

*Trade as a growth driver: sustainable, secure, open and inclusive*
(A) Progress towards enabling regulatory environment

The current legal treatment of electronic transferable records inhibits market demand and innovation. Most jurisdictions continue to require paper-based trade documentation.

To go paperless, parties to a transaction must use private law contracts within closed-loop trading platforms. Organizations must adopt multiple products for customers in different jurisdictions to enable the transferal of electronic records.

This is inefficient for large organizations and cost-prohibitive for SMEs.

The UNCITRAL Model Law on Electronic Transferable Records (MLETR) creates an enabling legal environment for paperless trade. It:

- provides an international framework to align national laws and enable the legal use of electronic documents of title (electronic transferable records or “ETRs”) both domestically and across borders;
- builds on the principles of non-discrimination against the use of electronic means, functional equivalence, and technology neutrality underpinning all UNCITRAL texts on electronic commerce;
- enables the use of all technologies including registries, tokens and distributed ledgers;
- was drafted in a multi-year, inclusive and transparent process by the United Nations Commission on International Trade Law, a subsidiary body of the UN General Assembly with a mandate to further the progressive harmonization and modernization of international trade law.
MLETR Progress Tracker

MLETR Compatible
These are countries that have adopted legislation based on UNCITRAL, and are enabling the issuance of some or all ETTR.

In Progress
- United Kingdom
- Germany
- United States of America
- Tuvalu
- France
- Thailand

Note: 
As of today, this tracker reflects information as known to ICC DSI, stakeholders are invited to share any additional information that may be relevant to update it.
(B) Align international standards across supply chains

Awareness of global standards and protocols are needed to drive inter-operability among various platforms, reduce fragmentation and improve end-to-end integration of supply chain participants.
(C) Grow ecosystem through capacity building & education

Webinar series on Accelerating cross-border paperless trade facilitation (with UNESCAP, ADB and others)

Identify the right strategy to accelerate your digitisation roadmap

Certificate in Digital Trade Strategy online course (with ICC Academy)

MLETR Capacity Building workshops
Where to go from here?

The 4 billion pieces of paper that circulate in the global supply chain can soon be a thing of the past, if all countries commit to...

- Cohesive digital trade policies
- Sustained action towards standards adoption
- Continuous investments in capacity building at all levels
Shape the future of global trade - join us!

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