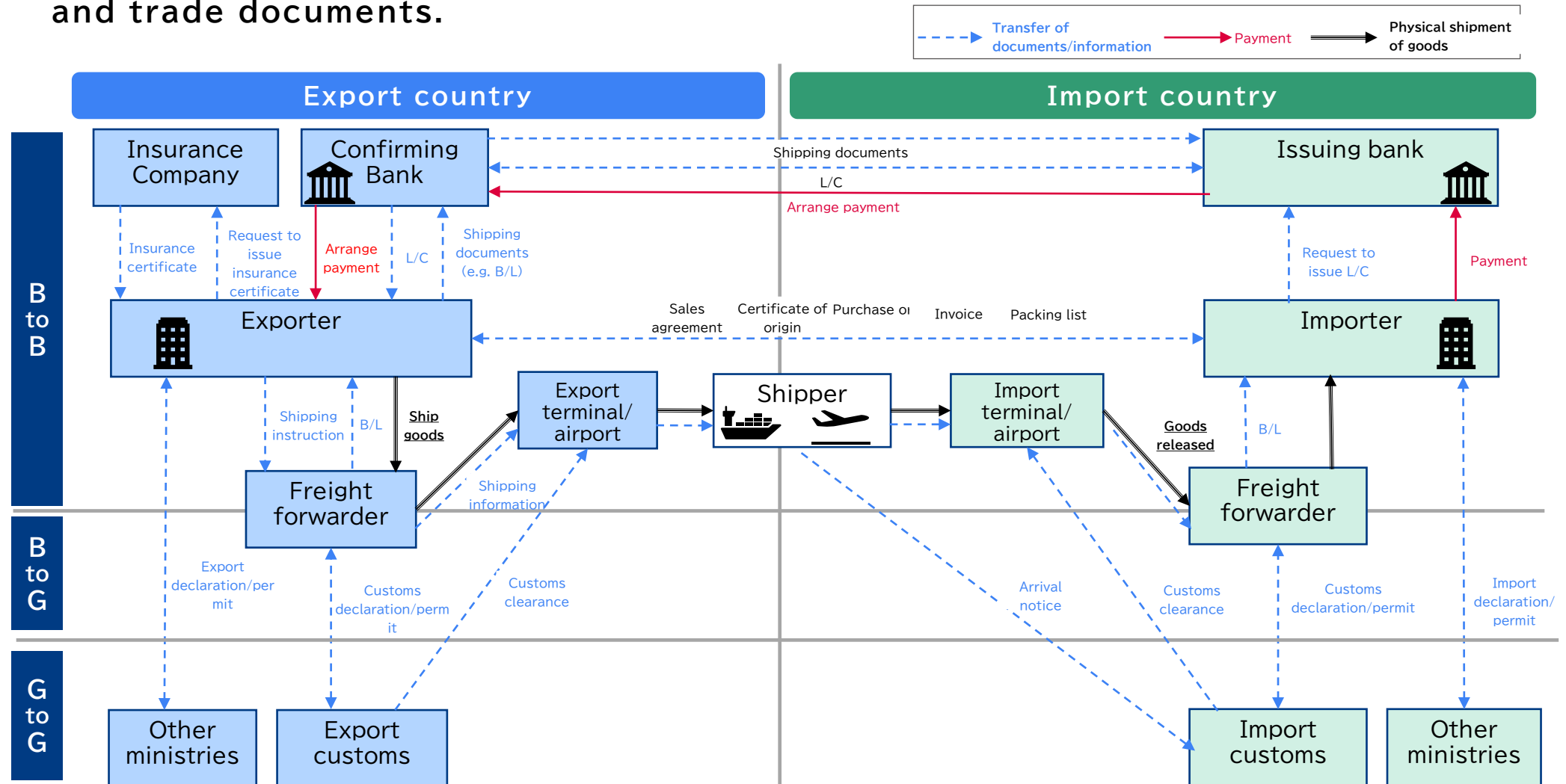


1.1 Scope of Trade Digitalization

- The project covers GtoG and BtoG, as well as BtoB trade procedures and trade documents.



Source: Mitsubishi Research Institute, Inc.

1.2 Estimation of Social Benefits (1)

- Estimating social benefits obtained by introducing a digital trade platform
 - The effect is USD 10.3 billion if the digital transformation of trade procedures with ASEAN as a whole is realized, and
 - if Japan-ASEAN is taken within the scope, the effect expands to USD 13.7 billion.
 - If digitalization with all trading partners is promoted, the effect is USD 47.7 billion.

Unit: USD million

Country	ASEAN region	Japan-ASEAN	Worldwide
Brunei	151.9	210.7	390.4
Cambodia	209.5	234.6	758.2
Indonesia	1,690.7	2,302.2	7,754.6
Lao PDR	122.5	125.8	215.5
Malaysia	1,500.8	1,853.2	5,530.6
Myanmar	307.5	344.2	791.9
Philippines	1,154.3	1,652.8	4,648.4
Singapore	2,638.3	3,131.7	10,294.7
Thailand	1,211.7	1,788.2	5,723.9
Vietnam	1,305.6	2,071.3	11,564.9
ASEAN all	10,292.8	13,714.8	47,673.2

Source: Compiled by Mitsubishi Research Institute, Inc.

Note: The electronic documents to be covered assume that all trade documents, including B/Ls, are electronic.

1.2 Estimation of Social Benefits (2)

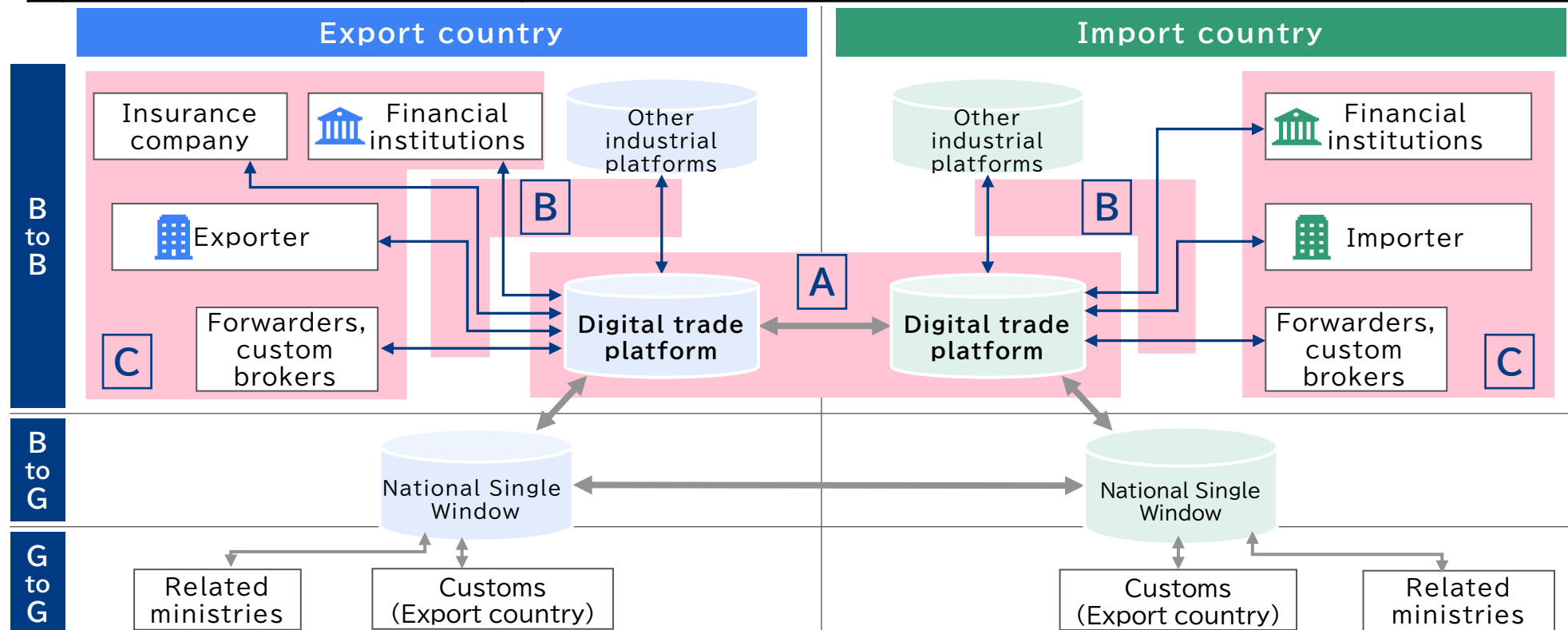
- Introducing digital trade platforms also brings about the effects of increasing the volume of trade through the participation of SMEs, environmental impacts, and increased transparency of supply chains.

Expected effects	Contents
Effects on environment, etc.	<ul style="list-style-type: none"> • Reduce energy and CO2 emissions deriving from real document transport through the digitalization of trade documents and processes.
Other qualitative and secondary effects	<ul style="list-style-type: none"> • Increase accuracy and ease of storing data for post audits by customs and compliance, and for preventing double finance etc. • Reduce trade barriers, especially for SMEs (expectation of increased trade volume) • Increase supply chain resilience through other functions such as visualization of cargo and trade process, CO2 emissions (towards Scope 3 on GHG protocol), etc.

1.3 Key Actions for Trade Digitalization

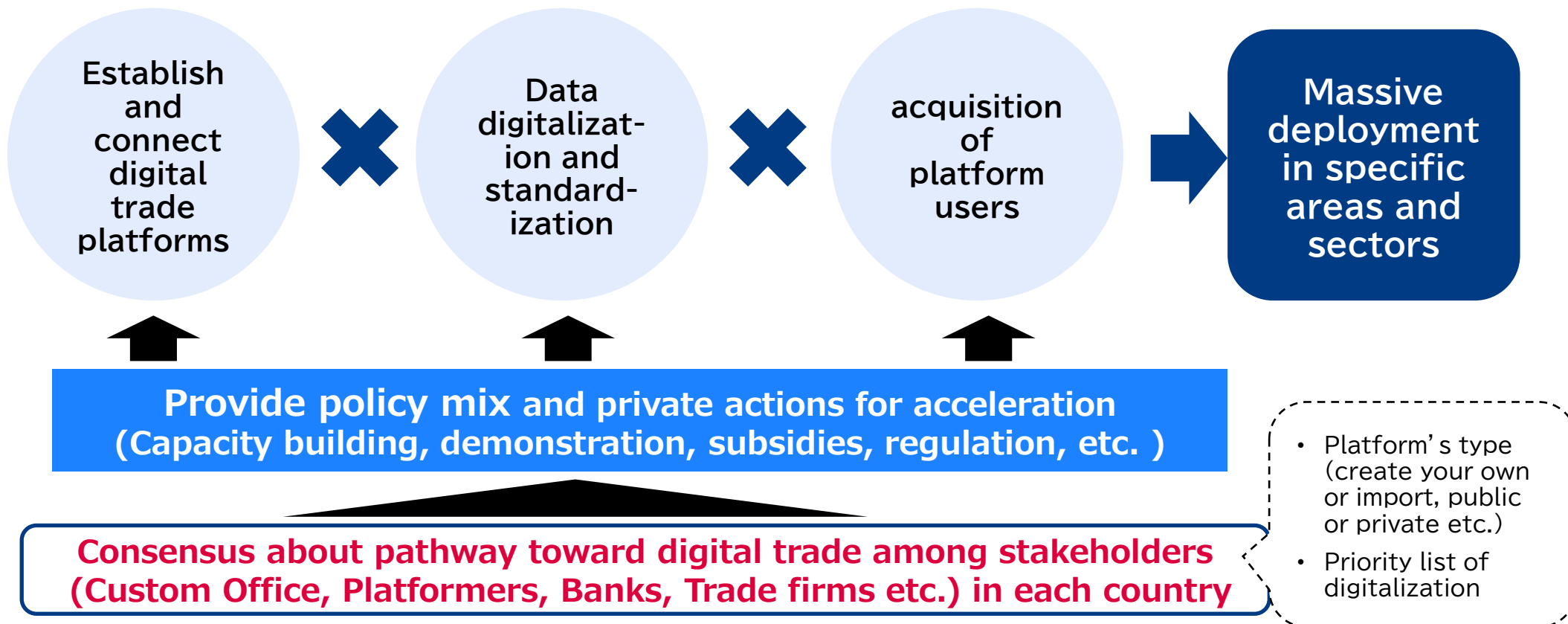
- The following three approaches should be considered and implemented simultaneously to achieve the digitalization of trade procedures.

A	Establish and connect platforms	Establish digital trade platform and connect with National Single Window and other industry platforms, as well as trade partner's platform
B	Digitalize and standardize	Digitalize trade documents and standardize each data item in trade documents
C	User acquisition	Expand the user base and increase transaction volume on digital trade platforms



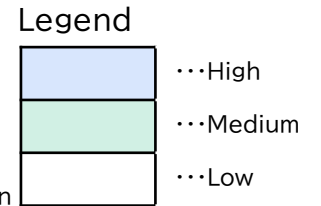
1.4 Principle of Acceleration of Trade Digitalization

- Basic principle for the massive deployment of digital trade composes three elements, which can be accelerated via policies and actions.
- However, the pathways differ by country, so each pathway should be decided and shared through public-private collaboration



1.5 Current Status of Trade Digitalization

- Regarding the current status of trade facilitation and digitalization, each ASEAN country has a different status. It is necessary to organize a roadmap for activities based on development status.



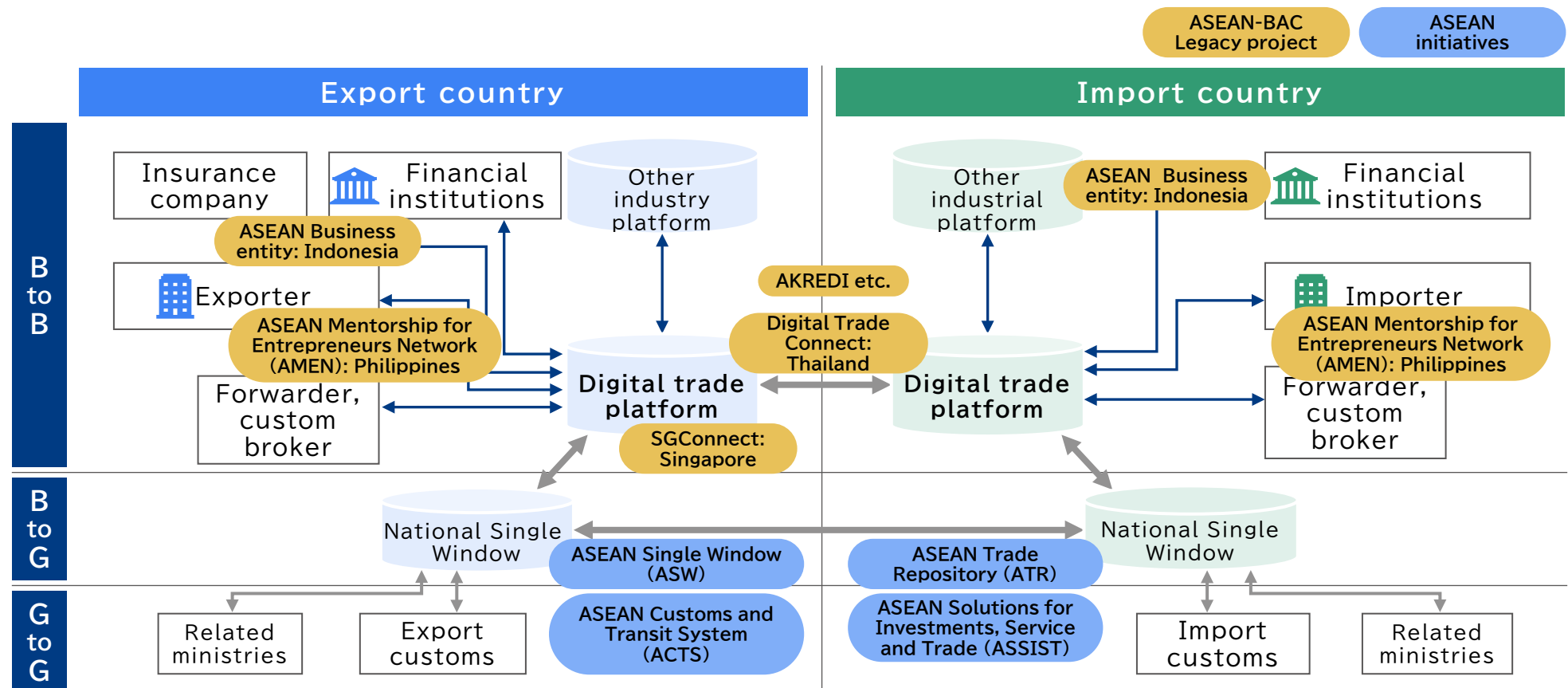
Unit: USD million

Country	Trade facilitation		Digitalization							Trade value with Japan
	TFI*	LPI*	NSW	Trade platform	Network(fixed broadband)	Legal framework	Blockchain	Data flow regulation	e-Invoice	
Brunei	193	2.7	NSW	Not exist	Above world average	E-signature act	Needs improvement	Does not exist	Does not exist	4,091.6
Cambodia	155	2.6	NSW	Not exist	Needs improvement	E-signature act	Regulated properly	Does not exist	Does not exist	1,826.2
Indonesia	197	3.2	NSW	Andalin	Needs improvement	E-signature act	Regulated properly	Strict	For tax admin.	41,513.6
Lao PDR	132	2.7	NSW	Not exist	Needs improvement	E-signature act	Needs improvement	Does not exist	Does not exist	286.5
Malaysia	208	3.2	NSW	ZETRIX	Above world average	E-signature act	Regulated properly	Conditional permit	Under consideration	41,267.1
Myanmar	143	2.3	Non exist	Not exist	Needs improvement	E-signature act	Needs improvement	Does not exist	Does not exist	1,806.5
Philippines	182	2.9	NSW	Not exist	Needs improvement	E-signature act	Regulated properly	Free flow	For tax admin.	23,983.6
Singapore	251	4.0	NSW Linkage with Trade PF	NTP, SGTradex	Above world average	E-signature act, MLETR, Cooperate ID linkage	Regulated, cross-border linkage	Free flow	Corporate	47,538.2
Thailand	203	3.4	NSW	NDTP (SCMnet, PromptTrade)	Above world average	E-signature act, MLETR (Ongoing)	Regulated properly	Conditional permit	Corporate and Tax Admin	58,944.2
Vietnam	211	3.3	NSW	TradeFlat	Above world average	E-signature act	Regulated properly	Strict	For tax admin.	47,350.1
Japan	271	3.9	NSW	TradeWaltz	Above world average	E-signature act, MLETR (Ongoing)	Regulated, cross-border linkage	Free flow	Corporate	—

Source: Compiled by Mitsubishi Research Institute, Inc.

1.6 Relationships with ASEAN-BAC Legacy Projects

- The ASEAN Initiative for enhancing trade connectivity and the ASEAN-BAC Legacy Project are closely related to trade digitization activities in the region. Promoting trade digitalization will be possible through collaboration with the ASEAN-BAC Legacy Project, which is closely related to this project.



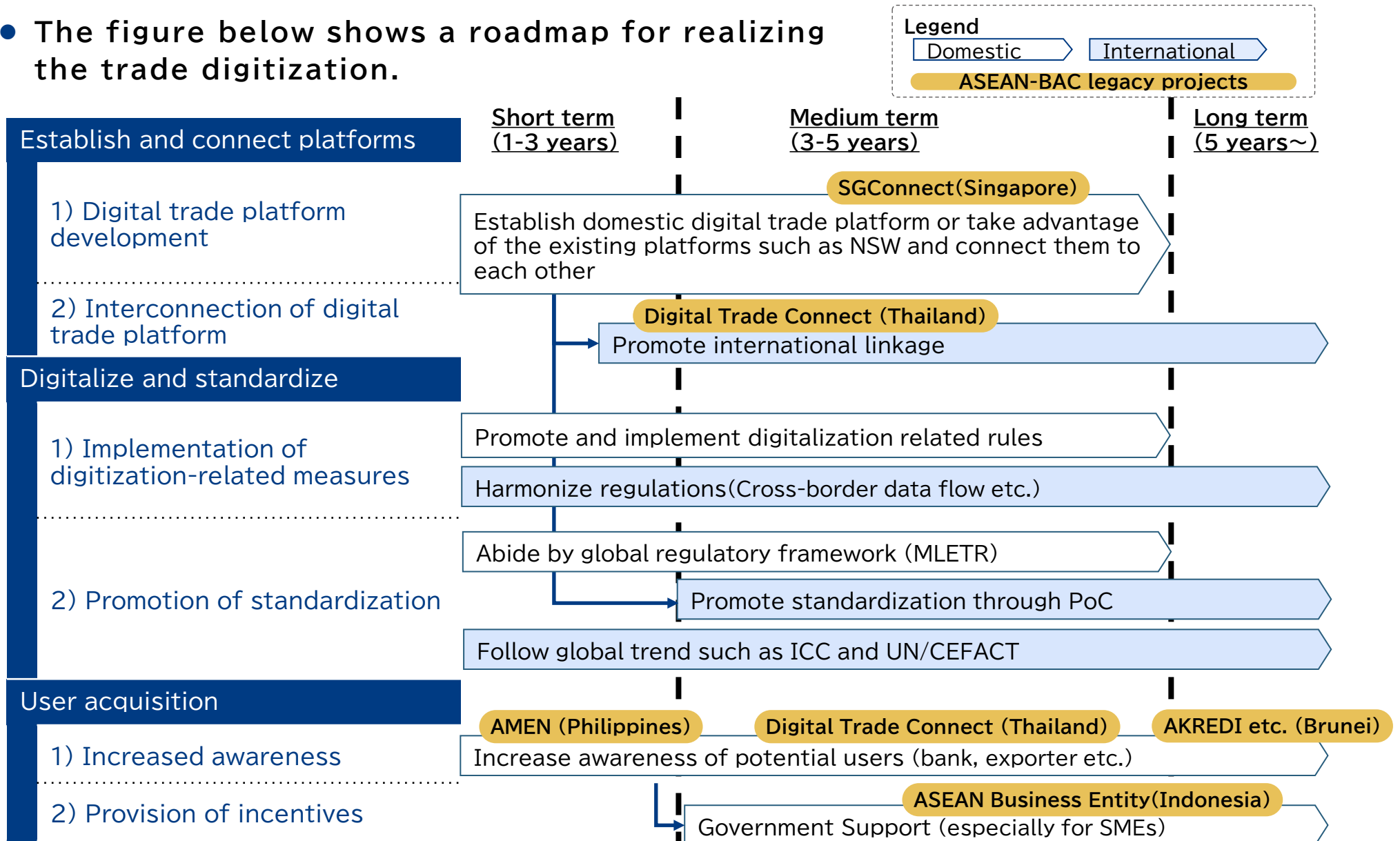
1.7 Policy Recommendations for ASEAN

- Detailed action items for accelerating trade digitalization are as follows.

A. Establish and connect platforms	1) Digital trade platform development	Customs, economic and finance ministries	<ul style="list-style-type: none"> • To develop digital trade platforms and promote connection to National Single Window and domestic industry platforms
	2) Interconnection of digital trade platform	Customs, Trade platform Operator	<ul style="list-style-type: none"> • Promote multilateral connectivity of digital trade platforms through proof of concept (PoC), etc. Accumulate know-how on use cases, standardization, business models, etc. through PoC and small-scale connections.
B. Digitalize and standardize	1) Implementation of digitization-related measures	Digital-related ministries	<ul style="list-style-type: none"> • Promote measures for digitizing domestic documents as a basis for electronic signatures, electronic invoices, digital IDs, etc., Also, • harmonization of regulations such as personal information protection, etc., with awareness of cross-border data flows.
	2) Promotion of standardization	Chamber of Commerce and Industry	<ul style="list-style-type: none"> • In coordination with the activities of UN/CEFACT and ICC, standardize the trade data items for digital trade platforms • Revise national laws and guidelines, especially for documents that require revision of national laws such as the MLETR.
C. User acquisition	1) Increased awareness	Chamber of Commerce and Industry players	<ul style="list-style-type: none"> • Capacity building for shippers and forwarders for a better understanding how to make current procedures efficient using a platform.
	2) Incentives for trade digitalization	Economic and finance ministries	<ul style="list-style-type: none"> • Provide tax incentives and subsidies (especially for SMEs with limited investment capacity) for introducing digital trade platforms.

1.8 Roadmap

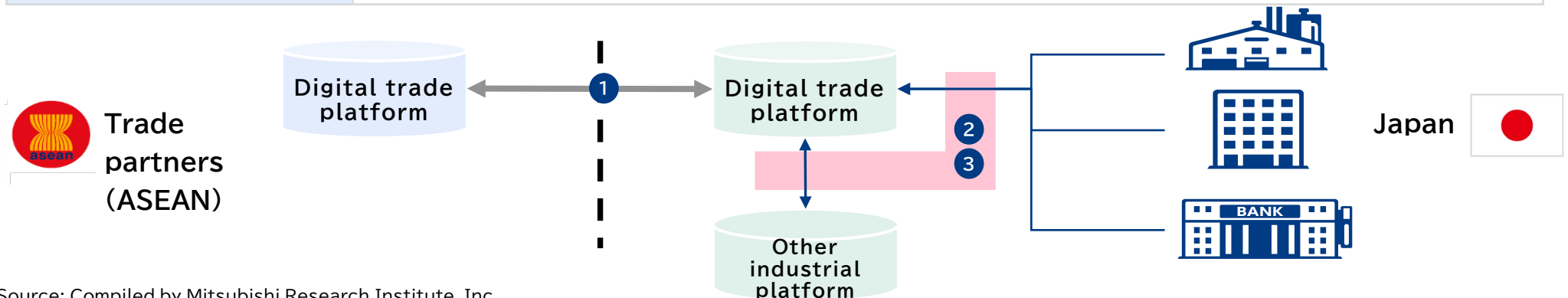
- The figure below shows a roadmap for realizing the trade digitization.



1.9 ASEAN-JAPAN Cooperation(1)

- In Japan, a cross-industry trade consortium has been established and the public sector is also supporting trade digitalization.
- The following three measures are taken for tackling the challenges of trade digitalization.

Challenges	Direction
① Collaboration with trade partners	Promote linkages between trade platforms and data linkage with not only Japan, but also among ASEAN countries.
② Improvement of data linkage in trade sector	Promote the use of data standard based on International standard institution (UN/CEFACT) - Request UN/CEFACT and others to reflect requests for additional data items from Japanese companies etc.
③ Expanding user base	Share good examples of digital trade based on cooperation from key shipper companies to maximize the network effects of trade platforms (knowledge sharing). Partially subsidize costs from the government for connections between trade PFs and users and other trade platforms.



1.9 ASEAN-JAPAN Cooperation(2)

- Suggestions on areas and contents where ASEAN-Japan can cooperate are as follows.

	A. Establishing and connecting platforms	B. Digitalizing and standardizing	C. User acquisition
Countries with digital trade platforms	<ul style="list-style-type: none"> • Promotion of Interconnections among Digital Trade Platforms (PoC) • Development support for commercializing digital trade platform connections • Support for the functional expansion of National Single Window (financial cooperation, technical assistance) 	<ul style="list-style-type: none"> • Promotion of the MLETR and cooperation in its enforcement • Bilateral and multilateral cooperation on standardization of data items in trade documents 	<ul style="list-style-type: none"> • Organizational and human resource development support (technical assistance, training) • Knowledge sharing on trade consortium management and other promotion initiatives in Japan (technical assistance)
Countries that do not have digital trade platforms	<ul style="list-style-type: none"> • Support for the development of digital trade platforms or the deployment of Japanese digital trade platforms (financial and technical assistance) • Support for the functional expansion of the National Single Window (financial cooperation, technical assistance) 	<ul style="list-style-type: none"> • Support for regulatory frameworks related to domestic digitization (technical assistance) 	<ul style="list-style-type: none"> • Organizational and human resource development support (technical assistance, training) • Knowledge sharing and transfer of know-how on trade consortium management and other promotion initiatives in Japan (technical assistance)