

Acceleration of Digital Trade in ASEAN and Japan

December 2023

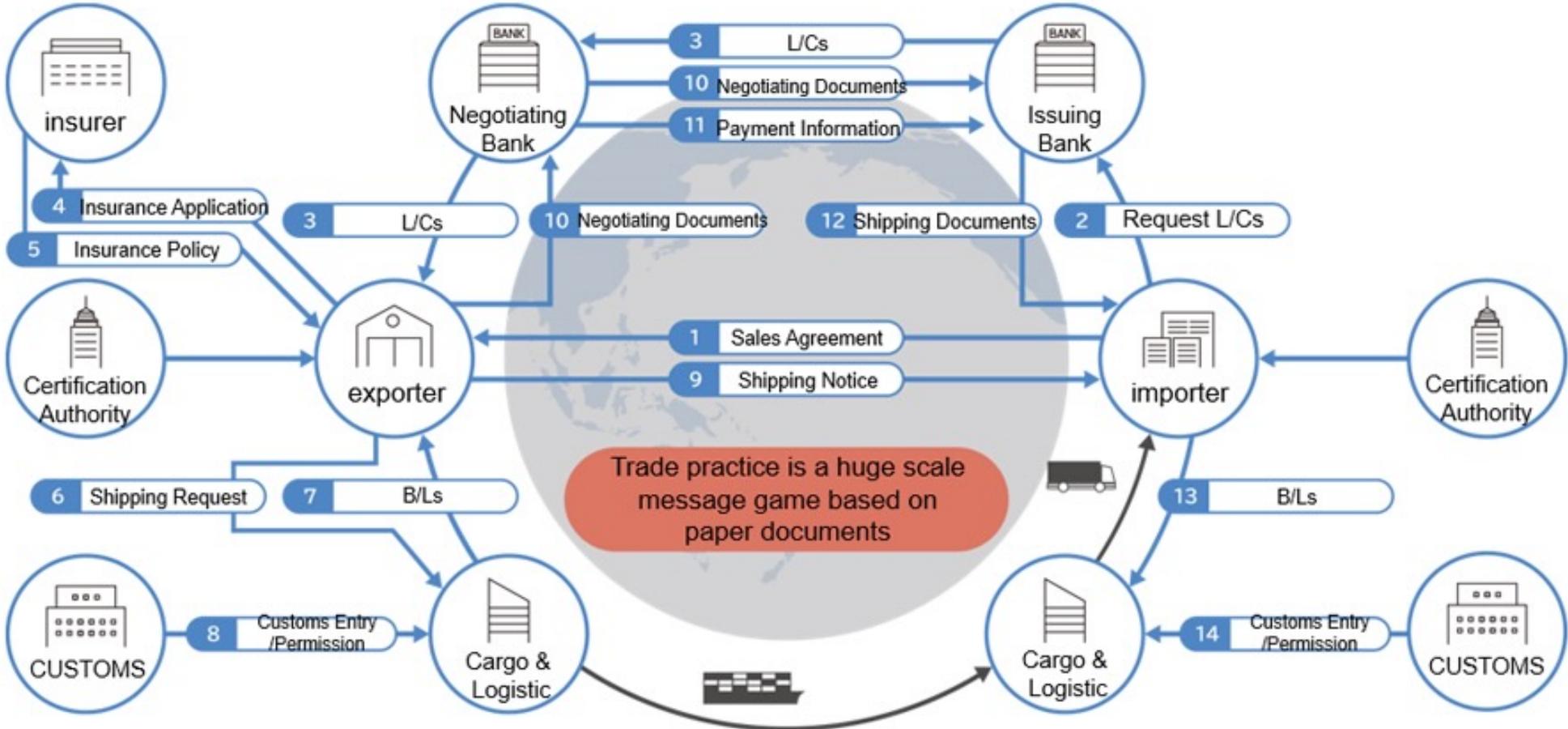
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What is Digital Trade and Why It Matters

- There are many paper-based trade procedures, and the creation, submission, filing and inspection of documents requires **a lot of time and human work**.
- Digital Trade is the actions to digitalize all trade-related information transaction to **increase the efficiency and accuracy**

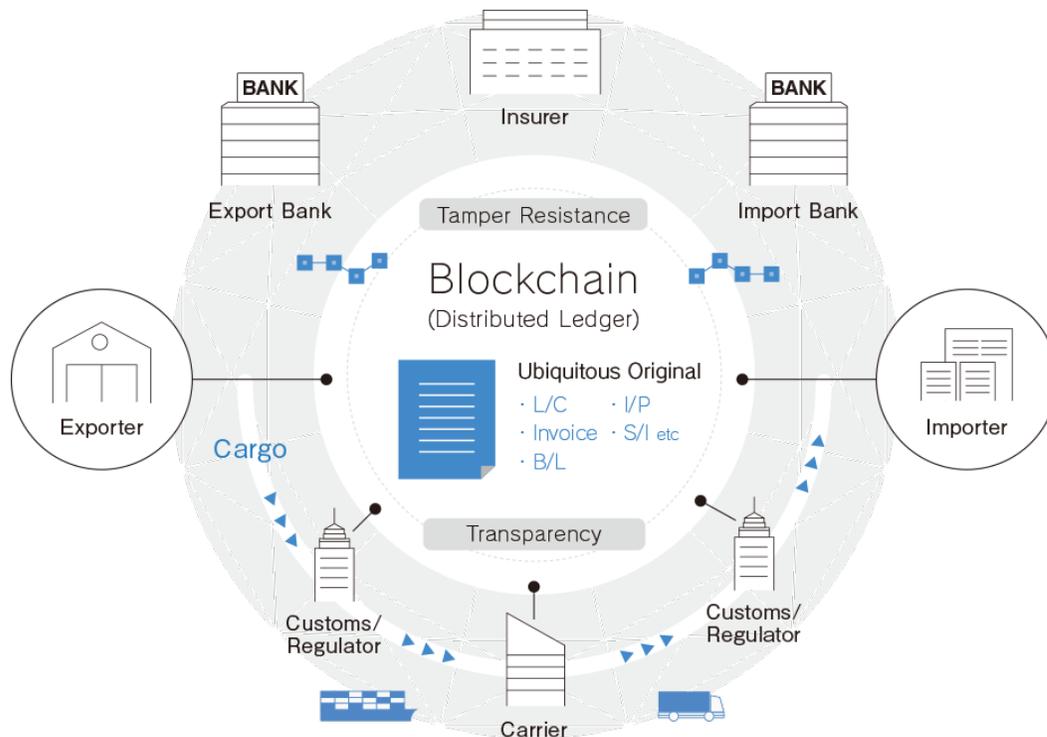
Conventional communications framework for International Trade



Establishment of Platforms and International Collaborations

- Some platforms were established to enable all stakeholders to digitally share related information in a safe way with blockchain technology.
- Those platforms try to connect with each other seeking synergies and last year, trade platforms among 5 countries have done PoC to communicate trade information such as L/C and Certification of Origin.

Overview of Digital Trade Platform



Overview of PoC Projects

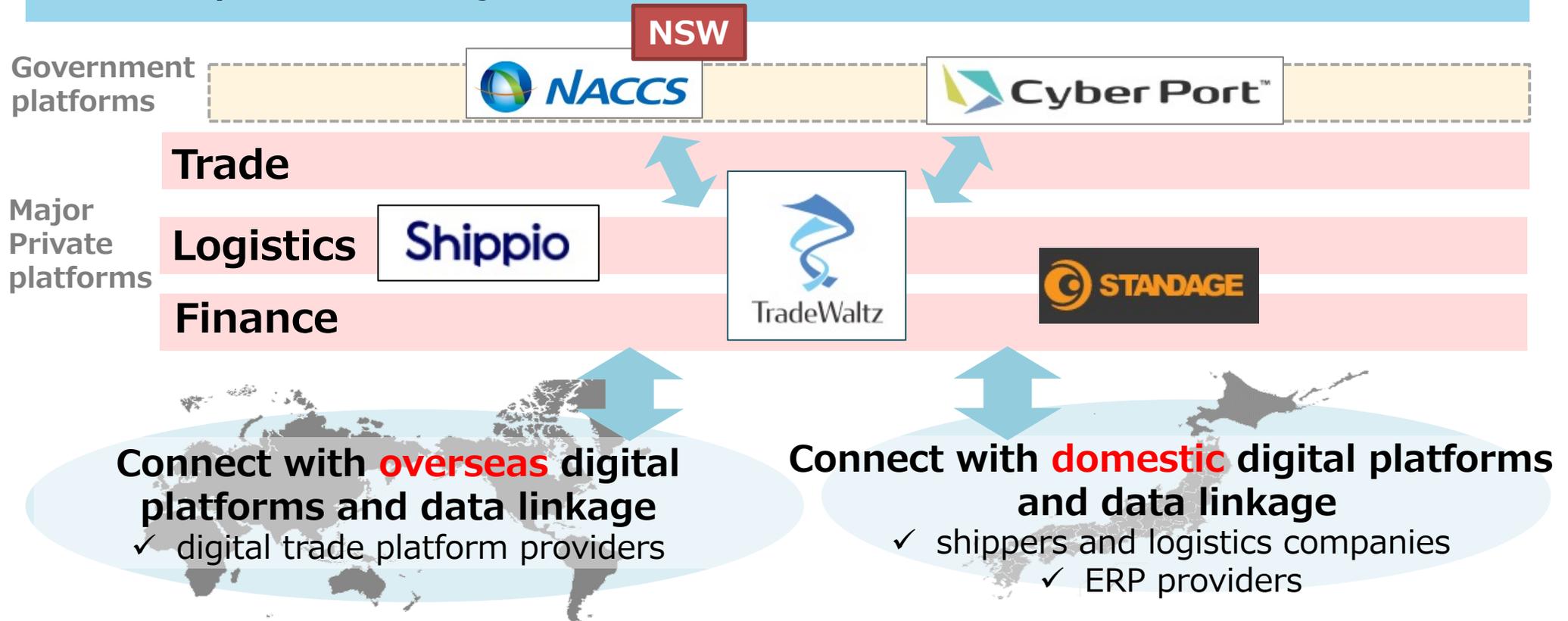
Connecting Japan, Thailand, Singapore, Australia and New Zealand through four TPs



1. More than **60% improvement** in operational efficiency in the area of information linkage
2. **Visualization of CO2 emissions** from logistics (SCOPE 3) toward green society

Ref. Digital Trade Platform in Japan

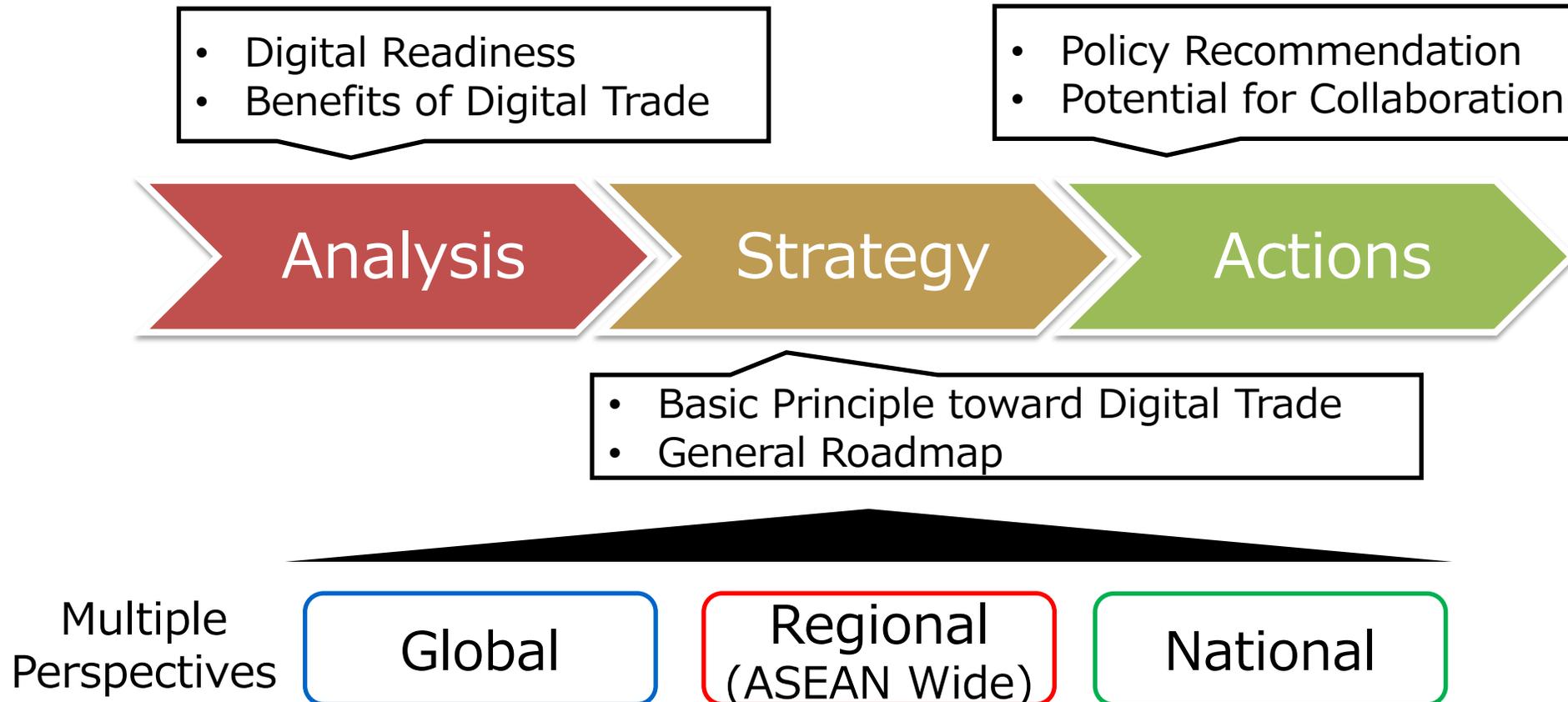
- In Japan, there are several private trade platforms which has a strong background of specific sectors (e.g. trade, logistics and finance) and deals with related documents in addition to some public platforms which exchanges trade documents.
- TradeWaltz is **deploying all-in-one cross-industrial trade platform which can digitalize all types of trade documents.**
- TradeWaltz has been working on **develop interoperability with overseas digital trade platforms** through demonstrations.



Overview of Research As a Collaboration with ASEAN BAC

- ASEAN is **one of the main trade partner** of Japan, and ASEAN Business Association Council(ASEAN BAC) **advocates Digital Trade as a legacy project** from 2019.
- To accelerate digital trade at regional level, **AMEICC supports ASEAN BAC's efforts to establish a roadmap and make policy proposal from three perspectives.**

Structure of the Research



Social Benefit Estimation from Digital Trade

- The study finds that the social benefit of digital trade is **16.6 Billion USD per year** for ASEAN-Japan trade.
- As Tradewaltz's main shareholders are Japanese giant trading companies which play a very big role in Japan's entire trade system, collaborations with the digital trade platform could be a **low-hanging fruit** to quickly get the benefits.

【Social Benefit Estimation from Digital Trade】

※Definition of benefit: Reduction of cost (labor cost etc.) through digitalization of all of trade related documents at current trade volume

12.9
Billion USD



Intra-ASEAN

16.6
Billion USD



ASEAN-Japan

55.3
Billion USD



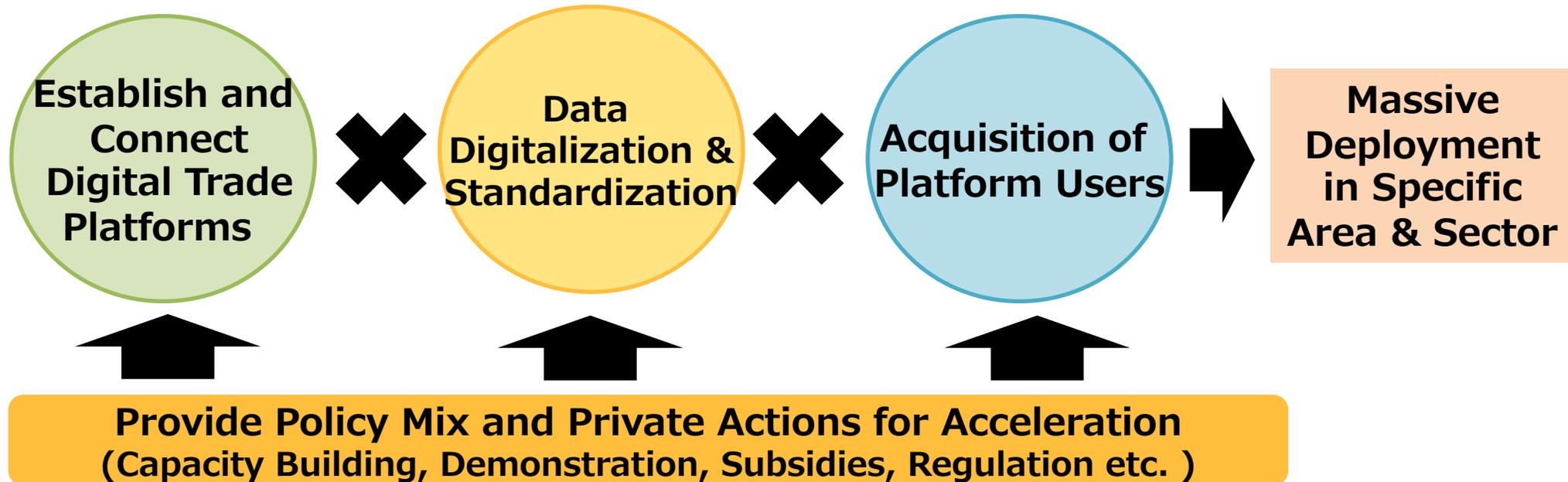
ASEAN-World

Other benefit from Digital Trade

- Increase accuracy and easy to store data
- Reduce the trade barrier, **especially for SMEs** (expectation of increased trade volume)
- Increase **supply chain resilience** through other functions such as CO2 visualizations
- Reduce energy and CO2 emission deriving from real document transport

Principle for Digital Trade and Consensus among Stakeholders

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



- Platform's Type (create your own or import, public or private etc.)
- Priority list of digitalization

Consensus about the pathway toward digital trade among stakeholders
(Custom Office, Platformers, Banks, Trade firms etc.) in each country

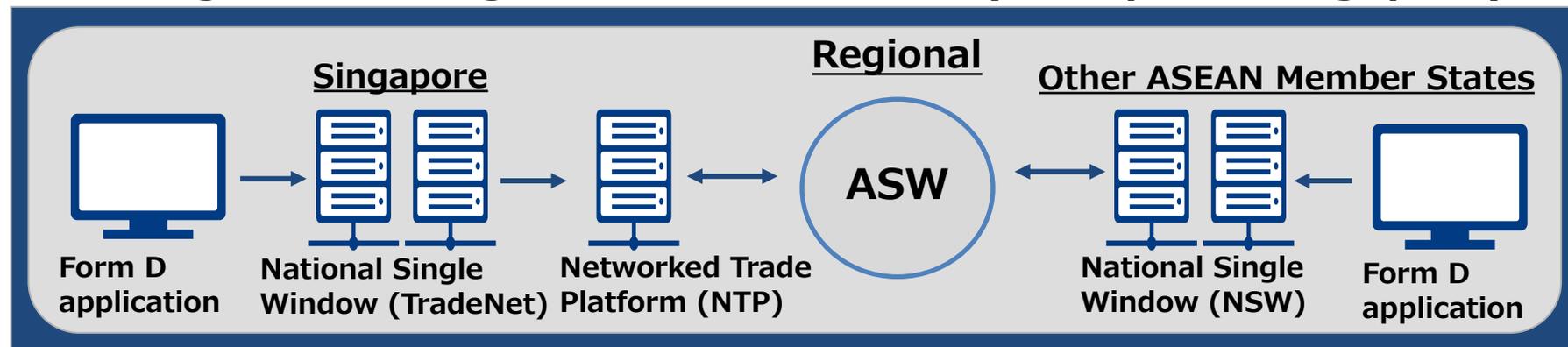
Ref. Expected Synergies from the Existing ASEAN's Initiatives

- As digital trade can be accelerated by taking advantage of ASEAN's initiatives other than the ASEAN BAC's legacy projects, we **should make the most of the expected synergies** through collaborations.

【Example of ASEAN's Initiatives (ASEAN Single Window(ASW))】

- The ASW connects and integrates the National Single Window (NSW) of each ASEAN Member States (AMS) and handle the exchange of ASEAN Customs Declaration Document (ACDD), e-Phyto certificate etc.
- Decided to introduce at the ASEAN Summit in 2003; promoted by the ASEAN Single Window Steering Committee.
- In 2018, ASEAN Trade in Goods Agreement (ATIGA) e-Form D was started to exchange among some of the AMS. At the end of 2019, all 10 AMS have joined ASW. In 2021, ACDD was started to be exchanged among AMS.

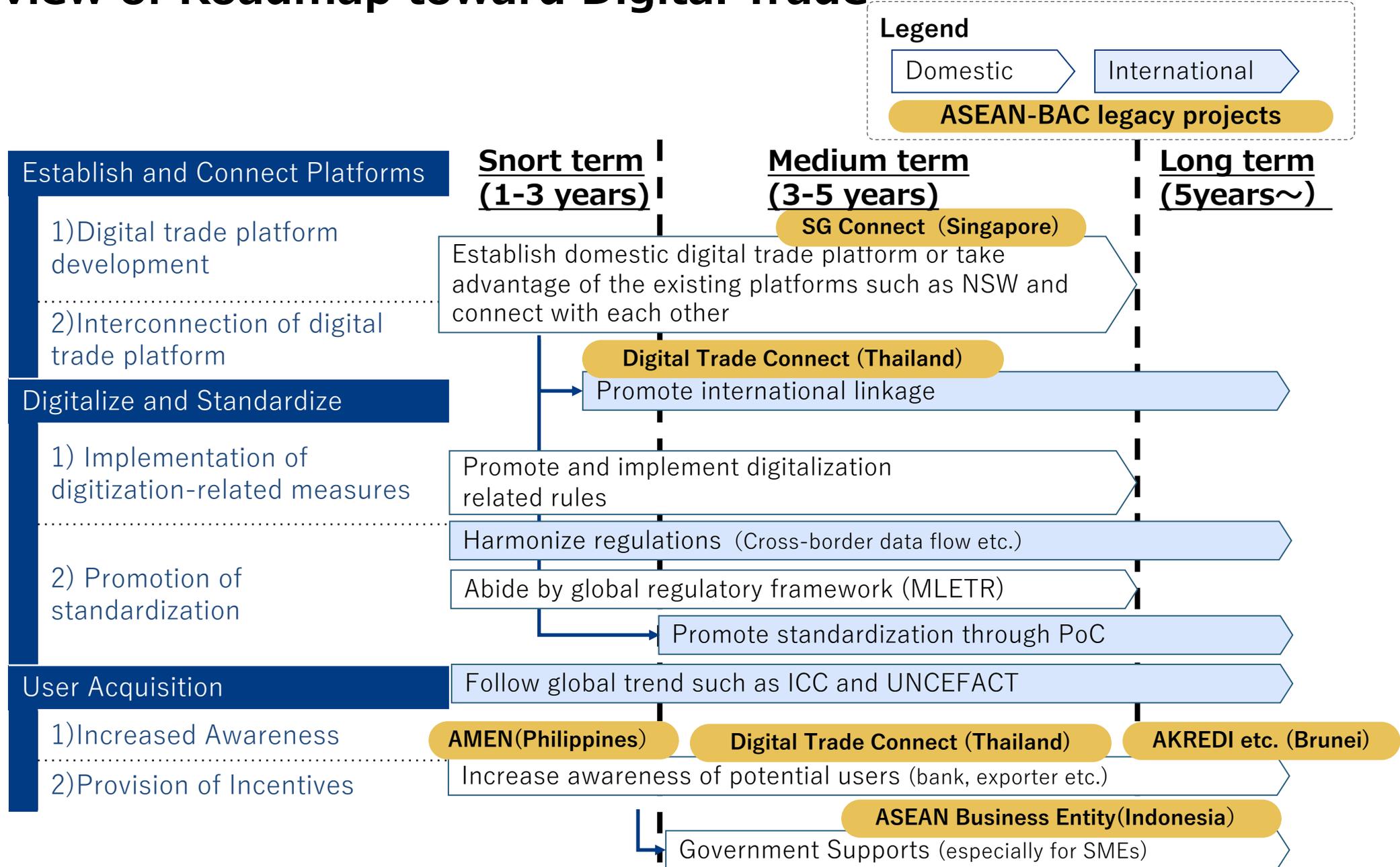
Image of Exchange of ATIGA e-Form D (Example of Singapore)



Estimated Effect

- Accumulated Cost Reduction (as of April, 2023): \$4 Billion
- Transportation Time: Reduced by 4 days on average

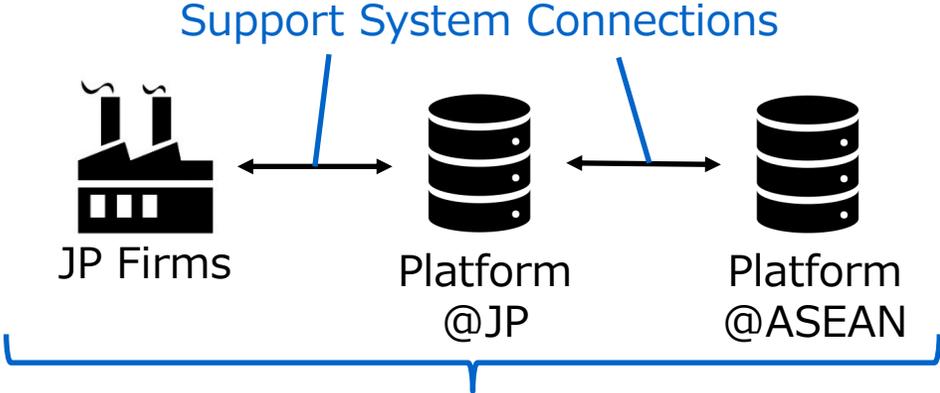
Overview of Roadmap toward Digital Trade



Potential Measures for ASEAN-Japan Collaboration

※ **Red**: Possible Contribution of E-DISC

Financial Supports for Demonstration and Connecting Platforms(1-2 Years)



Support Demonstrations

Capacity Buildings to Stakeholders (1-3 Years)



Knowledge Sharing among Stakeholders (Continuous Effort)
Ex. Stakeholder meetings hosted by METI and ASEAN-BAC



Conclusion

- Digital trade enables all stakeholders to digitally share trade-related information with blockchain technology, which can bring about **more efficiency, safety and accuracy.**
- Now, some countries starts PoC projects with establishing and connecting trade platforms. To accelerate the digital trade at regional level **AMEICC conducts a study in close collaboration with ASEAN BAC.**
- The study finds that the social benefit of digital trade is **16.6 Billion USD per year** for ASEAN-Japan trade. As many large trade firms are involved in the Japanese platforms, **the collaboration with Japan could be a low hanging fruit.**
- **1. Establish and Connect Digital Trade Platform, 2. Data Digitalization and Standardization, and 3. Acquisition of Platform Users** are the three principles for achieving digital trade.
- To accelerate the actions, **consensus among stakeholders about pathway toward digital trade is very important.** In addition, **the actions should be inclusive** as many ASEAN wide initiative is relevant to digital trade.
- Japan can accelerate digital trade through the collaboration with ASEAN. The supports include: **1. Financial Supports for Demonstration and Connecting Platforms, 2. Capacity Buildings to Stakeholders and 3. Knowledge Sharing.**