



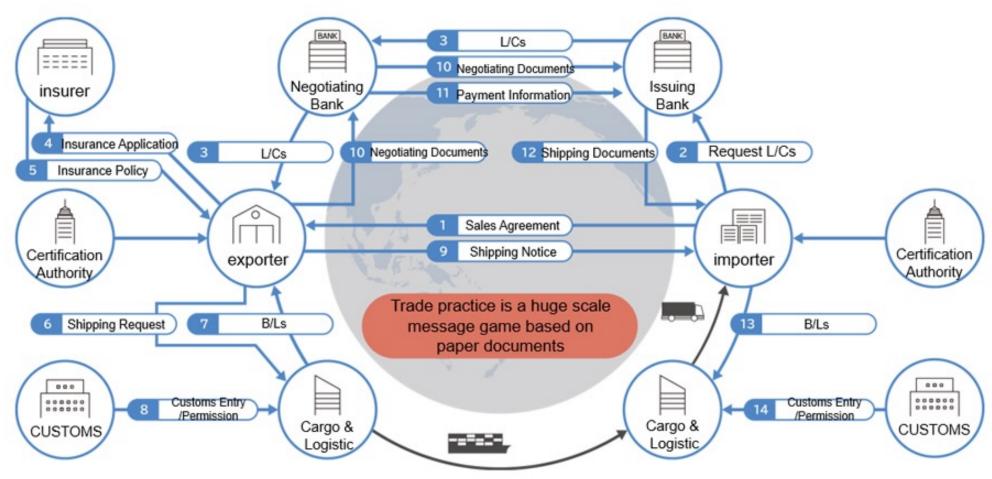
# Acceleration of Digital Trade in ASEAN and Japan

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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 <u>a lot of time and human work</u>.
- 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 enables all stakeholders to <u>digitally share related</u> <u>information in a safe way with blockchain technology</u>.
- Those platforms try to connect with each other seeking synergies and last year, <u>trade</u>
   <u>platforms among 5 countries have done PoC to communicate trade information</u>
   such as L/C and Certification of Origin.

#### Overview of Digital Trade Platform

#### BANK BANK Insurer Export Bank Tamper Resistance Import Bank Blockchain (Distributed Ledger) Ubiquitous Original Exporter Importer · Invoice · S/I etc Cargo Transparency

#### **Overview of PoC Projects**

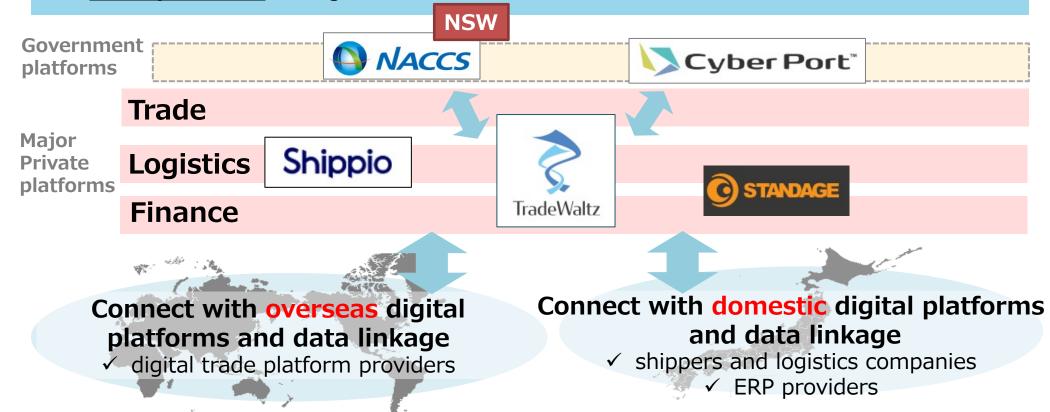
Connecting Japan, Thailand, Singapore, Australia and New Zealand through four TPs



- 1. More than <u>60% improvement</u> in operational efficiency in the area of information linkage
- **2.** <u>Visualization of CO2 emissions</u> 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 <u>deploying all-in-one cross-industrial trade platform which can</u> <u>digitalize all types of trade documents</u>.
- TradeWaltz has been working on <u>develop interoperability with overseas digital</u> <u>trade platforms</u> through demonstrations.



#### Overview of Research As a Collaboration with ASEAN BAC

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

#### **Structure of the Research**

- Digital Readiness
- Benefits of Digital Trade

- Policy Recommendation
- Potential for Collaboration

# Analysis

# Strategy

# Actions

- Basic Principle toward Digital Trade
- General Roadmap

Multiple Perspectives

Global

Regional (ASEAN Wide)

National

## **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 <u>low-hanging fruit</u> to quickly get the benefits.

#### **(Social Benefit Estimation from Digital Trade)**

12.9
Billion USD



Intra-ASEAN

16.6
Billion USD

ASEAN-Japan

55.3
Billion USD



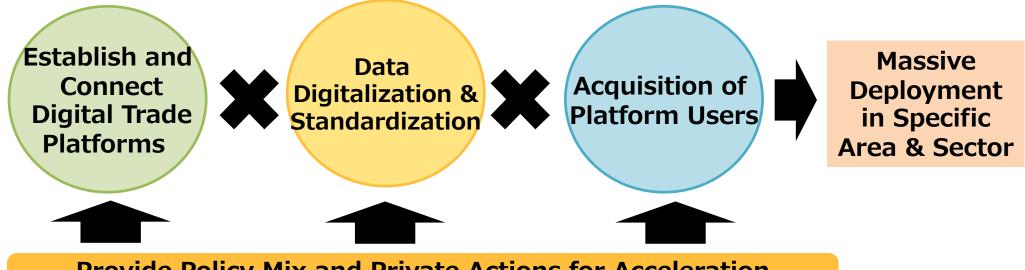
**ASEAN-World** 

#### **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 <u>three</u> <u>elements</u>, <u>which can be accelerated via policies and actions</u>.
- However, the pathways are different for each country, so each pathway should be decided and shared through public-private collaboration



Provide Policy Mix and Private Actions for Acceleration (Capacity Building, Demonstration, Subsidies, Regulation etc.)



- 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

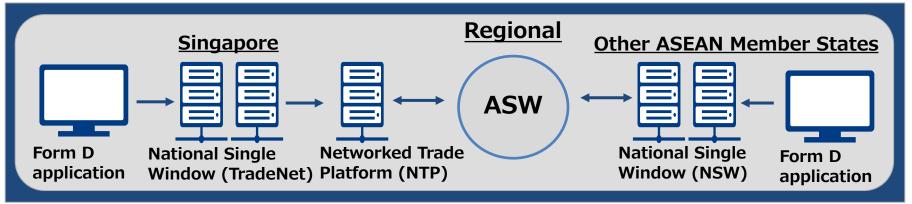
### Ref. Expected Synergies from the Existing ASEAN's Initiatives

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

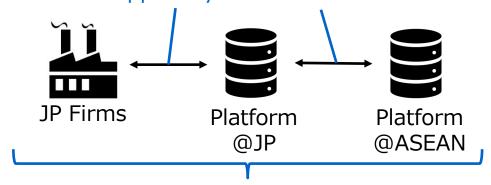
#### Overview of Roadmap toward Digital Trade Legend Domestic International **ASEAN-BAC legacy projects Snort term Medium term** Long term Establish and Connect Platforms (1-3 years) (3-5 years) (5years $\sim)$ SG Connect (Singapore) 1) Digital trade platform Establish domestic digital trade platform or take development advantage of the existing platforms such as NSW and connect with each other 2)Interconnection of digital trade platform **Digital Trade Connect (Thailand)** Promote international linkage Digitalize and Standardize 1) Implementation of Promote and implement digitalization digitization-related measures related rules Harmonize regulations (Cross-border data flow etc.) 2) Promotion of Abide by global regulatory framework (MLETR) standardization Promote standardization through PoC Follow global trend such as ICC and UNCEFACT **User Acquisition** 1)Increased Awareness AMEN(Philippines) AKREDI etc. (Brunei) **Digital Trade Connect (Thailand)** Increase awareness of potential users (bank, exporter etc.) 2) Provision of Incentives **ASEAN Business Entity(Indonesia)** Government Supports (especially for SMEs)

## Potential Measures for ASEAN-Japan Collaboration

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

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

**Support System Connections** 



# Capacity Buildings to Stakeholders (1-3 Years)



System Development



Establish Regulations



Increase Literacies

Support Demonstrations

**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 <u>AMEICC conducts a study in close</u> <u>collaboration with ASEAN BAC</u>.
- The study finds that the social benefit of digital trade is <u>16.6 Billion USD per year</u> for ASEAN-Japan trade. As many large trade firms are involved in the Japanese platforms, <u>the</u> <u>collaboration with Japan could be a low hanging fruit</u>.
- 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, <u>consensus among stakeholders about pathway toward digital</u> <u>trade is very important</u>. In addition, <u>the actions should be inclusive</u> 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.