Secure Electronic Cross-Border Trade

Pan-Asian E-Commerce Alliance

Presented by:
PAA Representative
1. From Where We Start
2. PAA’s Achievements
3. Successful Case Studies
International Trade Today

Complex Maze of Document Movements

- Slow
- Costly
- Complicated
- Inaccurate
Pan-Asian E-Commerce Alliance (PAA)

• The first regional cross border paperless trading and customs clearance facilitation alliance in Asia
• **Established in July 2000** by **Trade-Van** of Chinese Taipei **Tradelink** of Hong Kong SAR and **Crimsonlogic** of Singapore.
• Currently 9 members and
  – TradeVan (Chinese Taipei), Tradelink (Hong Kong SAR), CrimsonLogic (Singapore), KTNET (Korea), CIECC (China), NACCS (Japan), DagangNet (Malaysia), TEDMEV (Macao SAR), CAT Telecom (Thailand)
• Recently 4 more associates
  - Tradegate of Australia, InterCommmmerce of The Philippine, JASTPRO of Japan and EDI-Indonesia
  - Now 12 regions in Asia
The PAA Mission

• To enable secure and reliable transmission of trade and logistics documents.

• To allow inter-connection of network services to provide e-Commerce transaction application services for the business community.

• To create a Pan-Asian portal to enable global B2B connection and communication.
1. From Where We Start
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- Pan-Asian E-Commerce Alliance, the first regional cross border paperless trading and customs clearance facilitation alliance in Asia, was **established in July 2000** by Trade-Van of Taiwan, Tradelink of Hong Kong SAR and Crimsonlogic of Singapore.

- Establishment of PKI mutual recognition framework and secure cross border transaction service
- Establishment of PAA legal framework and constitution of legal contracts
- Launching of various pilot projects
- Recognized by APEC ECSG as official guest
- Expansion of PAA to ASEAL; Trade-Van joined ASEAL
- Started Cross Border ECO exchange with Korea and France
PAA Members’ Common Strengths

1. PAA members are local market leaders in e-commerce
2. Strong & close relationship with local government
3. Mass customer base
4. With long years of experiences on electronic document exchange, customs declaration, manifests, certificate of origin, licenses services, etc
5. Cross border document exchange can go through PAA network and be input into domestic government system
One-Stop Asian Connection

PAA Scenario

[Diagram showing connections between various hubs and trading partners]

- Major Hubs
- Trading Partner
- Direct Connection
- Internet Connection

(Logos of various companies such as NACCS, TRADE-VAN, TRADELINK, KTOET, Dagang'sNet, CrimsonLogic, etc.)
Our Value Proposition

• Help companies compete through secure electronic cross border trading services
  – Connect directly to trading partners and logistic providers
    • Reduce administrative costs, purchasing costs, courier cost
    • Speed up transactions
    • Potential for “better” operations/inventory management
    • Potential for higher sales volumes/revenues
  – Backed by comprehensive contractual framework
    • Accept electronic documents
    • Accept digital signatures
    • Dispute resolution process

  e.g. electronic P.O. signed by Japanese supplier legally binding in Korea and vice versa.
Secure Cross Border Trade Transactions

- Establish trust in cross border transactions through:
  - PAA Legal framework for electronic Cross Border trade transactions
  - Mutual Recognition of Digital Certificates amongst members of the Alliance, Five Certification Authorities recognized (HK SAR, Chinese Taipei, Korea, Singapore, China)
PAA PKI Mutual Recognition

- Pragmatic approach to drive cross border trade
- Establish comparative level of trustworthiness
- Establish Pan Asian Certificate Policy Authority to set criteria for PAA CA/CPS recognition
- Use of Digital Certificates for individual/organization so as to establishing non-repudiation for cross border trade
- Adherence to “good practice” while being flexible to allow for local requirements/ variations
PKI Mutual Recognition

Pan Asian Certificate Policy Authority

- Pan Asian Certificate Policy
- Evaluate CPS against Certificate Policy
- Confirm CA’s Operation is in accordance with CPS
- List of Accredited CA’s

- Community CA Certification Practice Statement (CPS)
- Assess CA’s operations complies with CPS
Supported Documents

- Purchase Orders
- Advance Shipment Notice
- Packing List
- Commercial Invoice

- Bill of Lading
- Air Way Bill
- Sea Way Bill
- Delivery Order
- Trade Declarations
- Electronic Certificate of Origin
- Shipping Order
- Processing Trade (China)
PAA Cross Border Transactions

Economy A

End User A

Purchase Order, Advance Shipment Notice, Commercial Invoice, Packing List, B/L information, Declarations, Certificate of Origin... etc.

PAA Member A

Export Declaration

Customs Authority of Economy A

PAA Member B

Import Declaration

Customs Authority of Economy B

Economy B

End User B
Expansion of PAA

ASEM (ASEAL)

EU Partner 1
EU Partner 2
EU Partner 3

Customs
Bank
Company
e-Trade SP
Forwarder
e-Trade Total SP

Korea
KTNET

Japan
NACCS

Malaysia
Dagangnet

Hong Kong
Tradelink

Thailand
CAT

China
CIECC

Singapore
CrimsonLogic

Macau
TEDMEV
Agenda

1. From Where We Start
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3. Successful Case Studies
Case Study 1

TAL
Major textile manufacturer in Hong Kong
Project Participants

Hong Kong:
• TAL – Importer

Chinese Taipei (9 suppliers including):
• Tai Yuen - Exporter
• Everest - Exporter
• Pinytex - Exporter
• Running - Exporter
• Gao Sha – Exporter
• Pinytex – Exporter
• ChangHo – Exporter
• ChenYu – Exporter
• Full Blossom - Exporter
The buyer faxed the P.O.
While the sellers faxed and later sent the
shipping documents by post mail.

- No guarantee of secure and on-time delivery.
- Cost incurred in preparing, faxing and mailing the documents.
- No integration between received data and ERP data.
- No integration between trading and customs clearance documents.
- Double effort in data re-key in and possible error.
TAL – Tai Yuen Cross Border Pilot via PAA

Guarantee
• Secure Delivery
• Integration with Legacy System
• Data Inheritance and Quality
• Time and Cost Saving

PAA ebXML Network

XML standard

(1) Purchase Order
(2) Invoice
(3) Advance Shipment Notice
(4) ASN, Invoice
(5) Declaration
(6) Declaration

Pinytex
Everest
(1) Purchase Order
(2) Invoice
(3) Advance Shipment Notice

PAA.net

TAL

PAA.net

Hong Kong Customs

Chinese Taipei Customs

Customs Broker
Case Study 2

Freight Forwarder

A new logistics management model
Extended Freight Forwarder Scenario

Exporting FA
- AWB Information, INV, PL, Export Declaration
- Customs Response
- Manifest or Export Declaration Submission
- Exporting Customs
- Customs System

Exporting Declaration System
- AWB, INV, PL and Declaration Information
- Tradelink (HK SAR)

Importing FA
- AWB Information, INV, PL, Draft Import Declaration
- Customs Response
- Importing Customs
- Customs System

KTNET (Korea)
- Customs Response
- Manifest or Import Declaration Submission

PAA.net
The PAA Value Proposition

• EFFICIENT OPERATIONS – Trade data can be reused resulting in time savings in documents preparation
• REGULATORY INTEGRATION - Integrated with Government services (e.g. Trade Declarations) provided by PAA member
• ERROR FREE OPERATIONS – Automated reuse of trade data transmitted from trading partners result in reduction of errors caused by multiple data re-entry
• SECURITY - Secure electronic transaction with overseas trading partners – no additional development works or data mapping
• NEUTRAL RELIABLE PLATFORM – Common or neutral e-platform for reliable and secure document delivery
• STRONG PAA LEGAL FRAMEWORK - Backed by comprehensive contractual arrangement
Case Study 3

Electronic Certificate of Origin Exchange Project
A public and private partnership model
APEC Pathfinder Project

• A ECO project (an example of Public Private Partnership) between MKE (public sector), KITA and KTNET (private sector) of Korea and BOFT (public sector) and Trade-Van (private sector) of Chinese Taipei was initiated.

• The first official bilateral meeting was held on April 28-29 2005 in Chinese Taipei, while the second official bilateral meeting was held on May 23-24 2006 in Seoul.
Roles of Government

1. To **adjust** current **international trade policies** to facilitate cross border electronic transaction
2. To **enable electronic transmission** of government related documents, e.g. ECO, e-Quarantine Report (by simplifying the process)
3. To **mandate the use of electronic documents** in replacement of paper documents
4. To **oversee the electronic operation** to ensure the maximum benefits for the traders
5. To learn from both sides about the success cases of e-Commerce promotional projects and to leverage the synergies in collaboration to speed up the realization of cross border electronic transaction
ECO Scenario [Korea ► Chinese Taipei]

1. CO APP
2. ECO (for view)
3. Inv, P/L (specify ECO Number)
4. Sign to confirm ECO
5. Generate Import Declaration Data
6. Import Declaration

KCCI

KTNET

Repository

Trade-Van

Repository

Customs Broker

Importer

Exporter

Customs

ECO Enquiry on KCCI Website

With ID and Password

ECO confirmed by importer

Inv, P/L, ECO

Assign Customs Broker

Import Declaration

ECO from repository

Attach ECO from repository

Import Declaration

ECO CERTIF

APPORG
Be the leader in trade facilitation among other countries (APEC, WCO, EU)

- Guarantee the authenticity of the cross border documents, reduce percentage of fake CO
- Reduce effort in paper CO verification
- Speed up customs clearance process
- Better service to international traders
Benefits to exporters/importers

**Exporter**
- Save costs in applying and sending over paper CO
- No need to get a stamp on the CO from Taipei Mission Office in Korea
- Better service to their buyers

**Importer**
- Speed up customs clearance process
- Guarantee of authentic CO
Value Propositions

- Secure cross border document exchange in cost and time effective manner
- Linked to the local Government services
- Cover the entire supply chain in an one-stop fashion
- Range of value added services to meet individual’s need
- Large PAA customer base
- Strong association with International organizations
  - APEC, ASEAL, IATA... etc.
Thank You!

Comment?

For further information, kindly contact PAA Secretariat or visit www.paa.net