



Cross-border multimodal digital corridors for trade facilitation

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Need for Cross Border Multi-Modal Digital Corridors

Digital Corridors **addresses a number of international trade operating scenarios** described below.

- **Extensive paperwork** for approval and clearance of cargo – can delay shipment processing.
- **Lack of visibility of import cargo** leading to movement of **high-risk cargo without inspection** – illegal products can cross-borders which imperil the safety and security of the receiving nation.
- **Non-availability of advance cargo information** causes inefficient planning and delays processing of shipments after the arrival at the destination and increases operational cost – delays can cause shipments to become worthless.
- **Revenue leakage** due to alterations in the declared value of imported products in comparison to their actual value – national revenues are reduced.
- **Difficulties in Identifying country of origin** due to non-availability of Certificate of Origin in advance – create unnecessary delays or insertion of shipments which violate national mandates.
- **Increase in compliance-related processes** and costs for customs and traders – leads to uncoordinated delays at national borders.
- **Loss of data or errors in data entry** after arrival of cargo at the import station – adds to workload of border control agencies and creates critical delays in supply chains

Challenges

- The **digitalisation of trade flow management is not free**
- Public agencies and private companies can be faced with **financial and operational costs** and challenges
- **Protect Intellectual Property**
 - Public Agencies: Protection of user information and data is very important
 - Private Stakeholders: Significant consideration – loss of information control can adversely affect revenue and profits.
- **Protect Shipment Information**
 - Public Agencies: Access to shipment information for border control purposes and collection of duties and taxes. Limit access to the information to appropriate agencies.
 - Private Stakeholders: **Protect shipment information from competitors** and other members of the supply chain which do not need access.
- **Challenges faced by stakeholders are further enumerated in the White Paper.**

Constraints and Strategies to mitigate constraints

Constraints of Information in a Digital Corridor

- **Stakeholders are not connected through a community network**
- **Data security concerns of stakeholders**
- **Downtime:** cloud computing system are internet based, service outages are always a possibility and can occur for any reason
- **Vulnerability to Attack**
- **Limited Control** and Flexibility
- **Cyber Security issues**
- **Mutual Recognition issues**

Strategies to Mitigate Constraints

- **Enforcing Global Data Protection Rule (GDPR)**
- Multi-region hosting with automated handover to ensure **business continuity** can minimize the impact due to downtime of cloud platforms
- **Vulnerabilities to cyberattacks can be controlled** by adopting best practices such as making security a core of all IT operations, regularly reviewing security policies and procedures, proactively classifying information, and applying **strict access controls**
- **Further Mitigation Strategies are enumerated in the White Paper**

Industry Initiative

- **Cargo iQ**
 - Cargo iQ is a self-funded, IATA sponsored interest group of air cargo stakeholders. The project brings together a small subset of the air cargo industry. It is composed of eighty members comprising of airlines, freight forwarders, ground handlers, trucking companies. The objective of Cargo iQ interest group is to implement processes, backed by quality standards, which are measurable to improve the efficiency of air cargo.
- **International Air Transport Association (IATA) ONE Record**
 - ONE Record is a standard for direct data sharing amongst air cargo stakeholders. It uses modern web standards for data exchange as well as a smart approach to data modelling.
- **International Port Community System Association (IPSCA) Network of Trusted Network**
 - As part of trade facilitation initiative, IPCSA has developed a 'Network of Trusted Networks'. Within this Network, Port Community Systems (PCS) can connect and share information through a specially created common shared global standard, based on API (Application Program Interface)

Legal Framework – Recommendations

- **Global data governance:** Policymakers should provide multiple mechanisms to transfer propriety data, encourage firms to improve consumer trust through greater transparency about how they manage data, support the development of global data-related standards, and provide more assistance to developing countries to help grow the digital economy policy.
- **Digital free trade:** Policymakers should support rules that protect data flows, prohibit data localization, and only allow narrow exceptions to these provisions at e-commerce negotiations at the World Trade Organization (WTO). Policymakers should also create new tools to enact retaliatory measures against countries and businesses that enact or employ data localization and other digital protectionist rules. Trade negotiators should develop transparency and good regulatory practices provisions to ensure opaque regulatory rulemaking can't be used to enact barriers to data flows and digital trade
- Focus on the fundamental concept of “**interoperability**” between different regulatory systems.
- **Pursue new digital economy agreements** and mechanisms for cooperation, such as those negotiated by Australia, Chile, New Zealand, and Singapore.
- **Employ** the Asia-Pacific Economic Cooperation (**APEC**) **Cross-Border Privacy Rules (CBPR)** a global model for data governance by opening it up to non-APEC members.
- Support efforts by like-minded, value-sharing countries working together to develop a “Geneva Convention for Data” that establishes common principles, processes, and **safeguards to govern government access data.**
- Develop a targeted strategy to support the adoption of financial oversight **frameworks that focus on regulatory access to data rather than the location of data storage.**
- Improve existing, and build new, mechanisms to improve cross-border requests for data related to law enforcement investigations, such as **CLOUD (Clarifying Lawful Overseas Use of Data) Act agreements and updated mutual legal assistance treaties (MLATs) to provide timely assistance.**

Conclusions and Recommendations

- **At the local level, cargo community systems should be implemented.** These digital platforms provide an **encrypted environment** in which all of the parties involved in handling, managing, and controlling cross-border trade can share information for the benefit of everyone. The digital platforms should encompass all freight transport modes.
- **Linking these cargo community systems through digital corridors** brings many benefits to all parties. **Digital corridors should be encouraged between airport-airport, airport-port, port-port, customs-customs.**
- **Addressing the risks associated with digital corridors** is an essential part of the implementation and management process
- **Data reuse** among all parties of supply chains should be supported.
- The data focused **legal frameworks that permit digital substitution for paper forms should be encouraged.**
- **Digitalization projects should incorporate UN/CEFACT Reference Data Models**
- **Mutual Recognition Agreements be integrated (initiatives available at UN/CEFACT and UN/ESCAP)**



Indian Experience

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Cargo Services Platform

- Cargo/goods related services
- Operations performed at warehouses
- Activities for non containerised Cargo



Carrier Services Platform

- Activities related to shipping lines, shipping agents, etc.
- Services such as container booking, slot booking, route planning, etc.



Regulatory bodies and PGA platform

- Certification requirements and application services
- Common Application Form (CAF) services
- Custom and Shipment clearance services



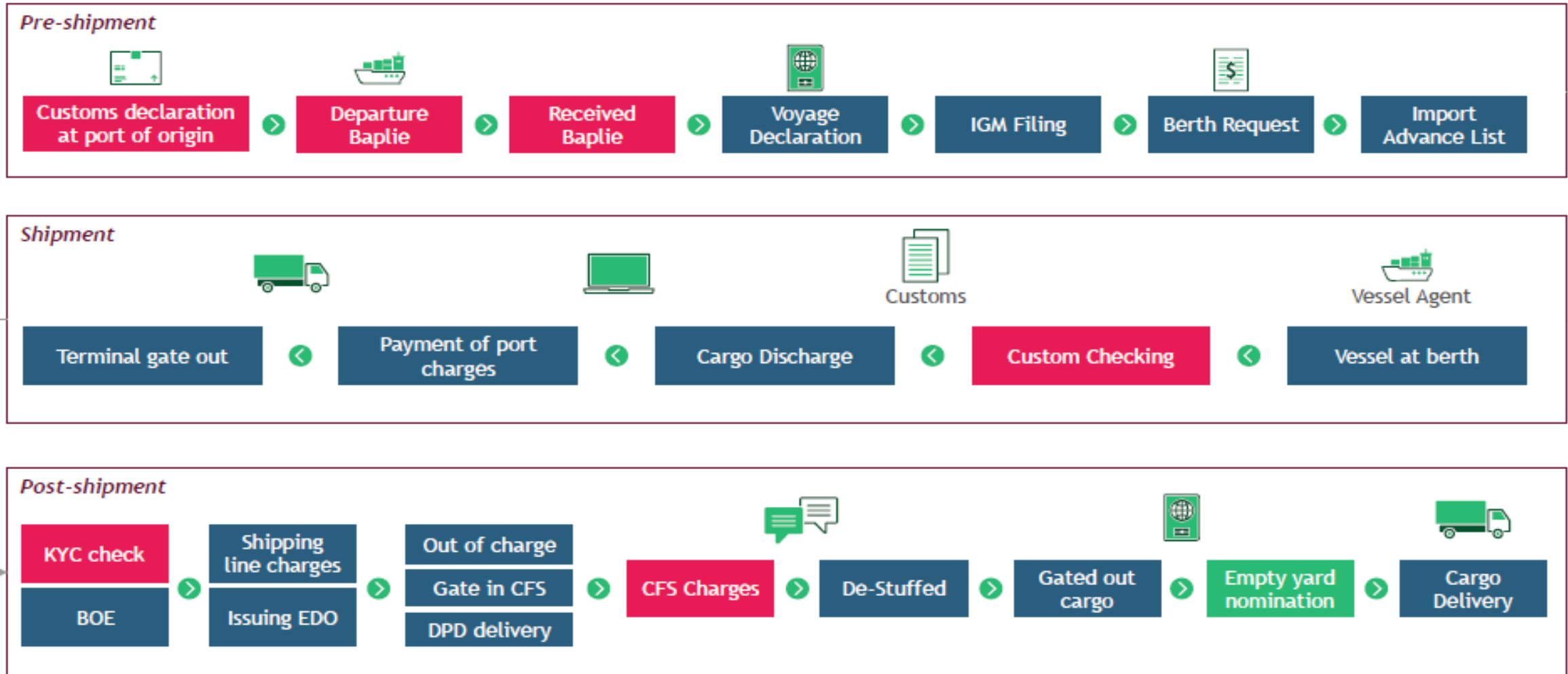
Banking and Financial Platform

- Transactional Services such as e-Payment, e-EMD, e-Bill, etc.
- Letter of Credit, Bank Guarantee, etc. services

Integration with external systems such as GSTN, CONCOR, DGFT, PGAs, EPCs, other latch on services, etc.

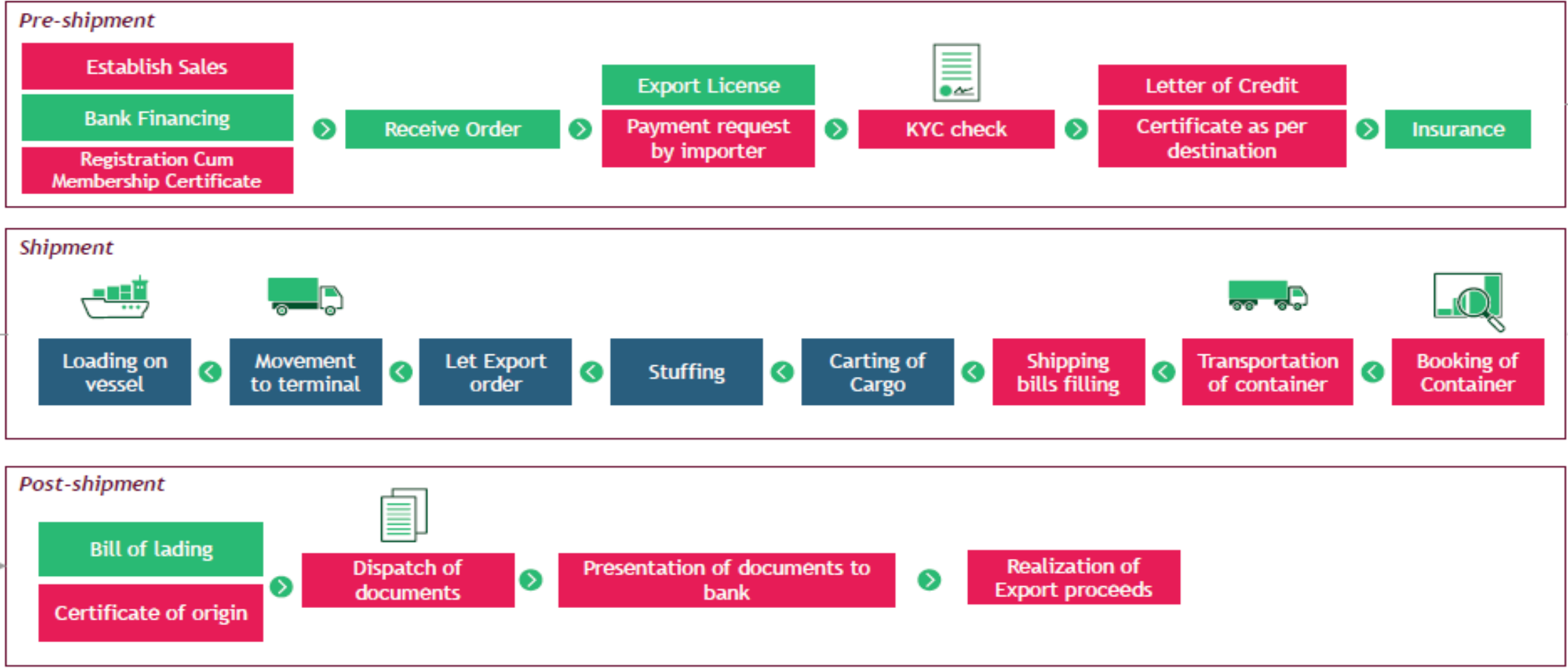


NLP marine | System-based paperless import value chain

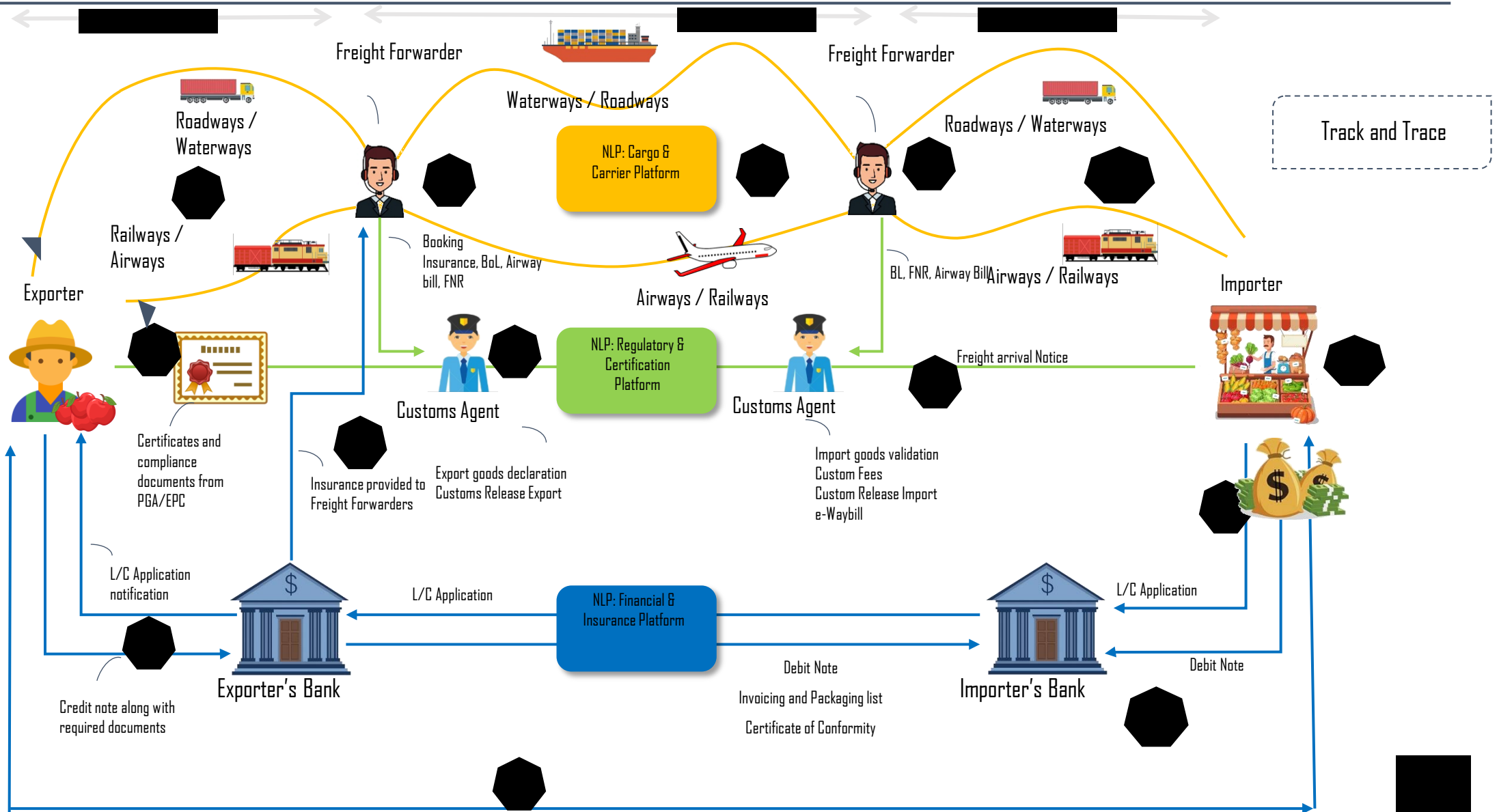


PCS 1X NLP Latch-ons

NLP marine | System-based paperless export value chain



User Case – Fruit Exporter / Importer



Purchase Order / Sales Contract as per Incoterms



Thank you

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