Connecting Supply Chain in the Region

Practices and Perspectives from PAA

22 April 2014

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I. What is PAA?

II. PAA initiatives on Cross-Border Paperless Trade

III. Lessons Learned

IV. Our support on the Resolution 68/3

V. Recommendations on the Post-Agreement Actions
I. What is PAA?
Asia Economies and PAA Members

1. China : CIECC
2. Hongkong, China : TradeLink
3. Indonesia : PT EDI Indonesia
4. Japan : NACCS
5. Korea : KTNET
6. Macau : TEDMEV
7. Malaysia : DagangNet
8. Philippines : InterCommerce
9. Singapore : CrimsonLogic
10. Taiwan Province, China : Trade-Van
11. Thailand : CAT Telecoms

I. What is PAA?
The PAA Mission

- To enable **secure** and **reliable transmission** of trade and logistics data and documents.

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

- To create a Pan-Asian portal to enable **global B2B connection** and communication.
2. PAA Initiatives on Cross-Border Paperless Trade
Robust PKI Infrastructure

PKI Mutual Recognition
CA Service
Secure Cross-Border Transaction Services

II. PAA Initiatives
Overview of PAA connectivity

II. PAA Initiatives

- Single Window Service for Traders

Local PAA Node

- CA
- ASP
- ebMS
- XML/EDI Engine

PAA

- Crimson Logic
- Trade Link
- NACCS
- Trade Van
- Ted Mev
- KTNet
- CIECC
- Dagang Net

Intl Networks

- Factory
- Supplier
- Buyer
- Customs/Broker
- Forwarder
- Banks
- Buyer
- Forwarder
- Customs/Broker

Agent
- Airlines
- Carrier
- Banks
- Customs/Broker
- Chamber of Commerce
CASE 1: e-SCM

Case Study of Paperless Trade Service into ICS: H* Company

- Back Ground: Increasing inefficiencies in the trade business operation

- Steady growth of business (21%/y) but limited human resources ⇒ Increasing manual documentation works with more L/T (lead time) delay and lower data accuracy

Implementation of PCI Project ⇒ Process Change & Innovation

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (1 billion dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>0.89</td>
</tr>
<tr>
<td>2000</td>
<td>1.3</td>
</tr>
<tr>
<td>2001</td>
<td>1.4</td>
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<td>2002</td>
<td>1.58</td>
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<td>2003</td>
<td>1.9</td>
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<td>2004</td>
<td>2.3</td>
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<td>2005</td>
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<td>2006</td>
<td>3</td>
</tr>
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<td>2007</td>
<td>3.7</td>
</tr>
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<td>2008</td>
<td>5</td>
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By integrating the paperless trade services into the H’s Supply Chain Management System, all trade related documents and information are sent to and received from partners into the system automatically.

L/C and other trade documents: 4,800/year, Mill Sheet and others: 2,400/year
CASE 1 : e-SCM

Before

II. PAA Initiatives
CASE 1 : e-SCM

II. PAA Initiatives

After
Benefits for HYSCO and Trade Partners

Mutual growth with Partners through the Increased Efficiency in Trade Business and Strengthened Business Ties

Direct Cost Saving: $1 Million / Y

Stable supply chain management
  - Transparent work process from Planning to Production

Less Human Resource
  - $1 Bil./8 Staffs (2003)
  - $5 Bil./4 Staffs (2012)

Secure the Business with HYSCO
  - Pre-order based production

High level customer service
  - Extension of same service to other Korean Customers => Hyundai Motors, Hyundai Heavy Industry

Enhance work efficiency
  - Less mistakes from documents handling
  - Lower work load from more work volume

Less System Development and Management Cost
  - PAA Standard e-documents and Web ASP service
CASE 2 : E-Certificate of Origin

- E-C/O: APEC ECSG Pathfinder Project
  - Dec. 2004, preliminary meeting between MOTIE (public sector), KITA and KTNET (private sector) of Korea and BOFT (public sector) and Trade-Van (private sector) of Taiwan province of China
  - April 2005 and May 2006, the 1st and 2nd bilateral meeting
    - Mutual agreement on the implementation of the cross border ECO exchange project using PAA framework
  - Nov 2008, the 3rd bilateral meeting
    - Signing of MOU for cross border ECO service
  - March 2010, official launch of ECO service
Paper CO Scenario

[Korea ➤ Taiwan, China]

1. CO APP
2. ECO CERTIF
3. CO for Seal and Certification
4. Send Inv, P/L, Paper CO to Importer
5. Pass the paper CO to Customs Broker
6. Declaration
7. Supplement Paper CO

Verify authenticity of paper CO

KCCI

KTNET

Repository

Customs

Trade-Van

Repository

Importer

National Treasury Agency

Customs Broker

Taiwan Province of China

Korea

Taiwan province Mission office in Korea
ECO Scenario [Korea ➔ Taiwan, China]

Exporter

① CO APP
② ECO (for view)
③ Inv, P/L, (specify ECO Number)

KCCI

KTNET

Repository

① CO APPORG
② ECO CERTIF
③ Inv, P/L, Attach ECO from repository

Korea

Trade-Van

Repository

Importer

④ Sign to confirm ECO
Assign Customs Broker

Customs

⑥ Import Declaration

Customs Broker

⑤ Generate Import Declaration Data

⑥ Import Declaration

With ID and Password

ECO Enquiry on KCCI Website

⑦ Import Declaration
ECO confirmed by importer

⑧ Inv, P/L, ECO

Chinese Taipei
III. Lessons Learned
Benefits of cross-border paperless trade

Huge Time and Cost Saving of a company – H* company

- **Direct Cost Saving**: $1 Million / Y
- **Less Human Resource**
  - $1 Bil./8 Staffs (2003) ⇔ $5 Bil./4 Staffs (2012)

**Benefits of using e-C/O**

<table>
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<tr>
<th></th>
<th>Korean Exporter</th>
<th>Taiwan Importer</th>
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<tbody>
<tr>
<td>Total cost saving</td>
<td>USD 274 (Direct saving USD 143.5)</td>
<td>USD 397 (Director saving USD 147)</td>
</tr>
<tr>
<td>Total time saving</td>
<td>2~3 days</td>
<td>3 days</td>
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In cross border paperless trading, there’re commercial documents (*B2B*) and regulatory-required documents (*B2G*);

- Korea and Taiwan province of China are in discussion to include e-INV, e-PL and e-SPS to the program
- Korean Government is in discussion with other countries such as Philippines and Thailand to exchange e-C/O and e-SPS
Lack of recognition framework of border crossed e-documents for Regulatory Process and Financial Settlement
IV. Our Support on the Resolution 68/3
During the 45th meeting of PAA Steering Committee in Manila, Philippines, the PAA had the opportunity to discuss the proposed Regional Agreement/Framework Agreement on Facilitation of Cross-border Paperless Trade for the Asia Pacific Region by UNESCAP and are encouraged by the renewed engagement by UNESCAP members on paperless trade.

The PAA has been involved in a broad range of trade-related cross-border exchange of electronic data and documents. We would like to express our strong collective commitment to support the Regional Agreement/Framework Agreement on Facilitation of Cross-border Paperless Trade for sustainable intraregional trade facilitation.
V. Recommendations on the Post-Agreement Actions
V. Recommendations on the Post-Agreement Actions

Organize implementation body

Establish Special WG on Implementation Body & Rules

Establish PT Council, Standing Committee and Work Groups
  • Work Groups by Subject not by Org.
  • Inc. Private sector

Collaboration with other institutes
  • Consistence with other cross-border paperless trade related initiatives

Draw Roadmap and Milestone

Design the Roadmap
  • Roadmap report with Action Plans

Readiness Assessment
  • Identification of Gaps
  • Readiness Assessment and Monitoring Measurements

Raise Fund and Run Pilot Projects

Path-finder Pilot Projects
  • Certificate of Origin
  • Sanitary & Phyto-Sanitary Certificate
  • Cargo Visibility
  • Trade Financing and Settlement
  • Cross-Border Manifest exchange
  • …

Conduct Awareness & Capacity Building Program

Technical Assistance and Awareness
  • Promote Public/Private Dialogue
  • Encourage the establishment of Domestic Paperless Trade Council
  • Assistance for Legal & Technical Environment

Recommendations on the Post-Agreement Actions