



# **Paperless Trade and Single Window in Korea**

May, 2012

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CEO & President  
KTNET

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- 2. The Pride of Korean Single Window**
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# **1. Introduction of KTNET**

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1-2. Who we are?

1-3. What we do?

1-4. History of KTNET

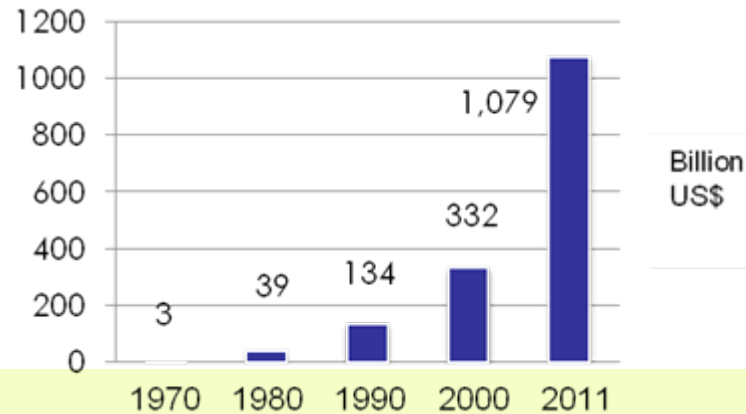
**2. The Pride of Korean Single Window**

**3. Benefits**

**4. Sharing Our Experience**

## 1-1. Why do we need Single Window?

### Rapid growth of trade volume



### Excessive trade documents



**More than 620 boxes per company**

### FTA Status of Korea

#### ▪ In Effect

- U.S.A.(2012.3.15), EU(2011.7.1)
- ASEAN(2009), EFTA(2006)
- Peru(2011), India(2010), Singapore(2006)
- Chile (2004)

#### ▪ Under negotiation

- Columbia, Mexico, Canada, China
- Australia, New Zealand, Turkey

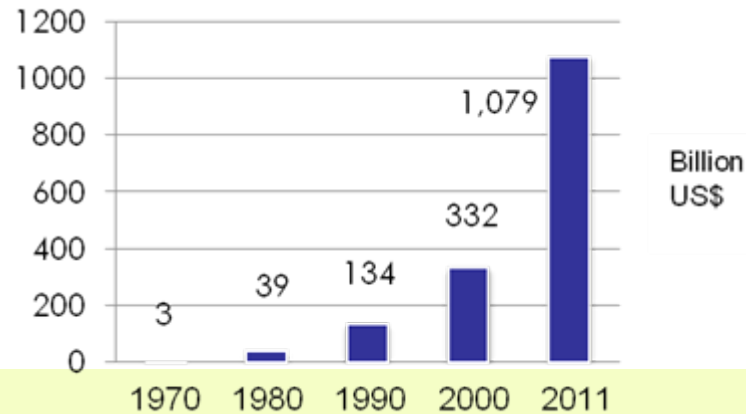
### Bottleneck in trade process



**19-28 days for customs clearance**

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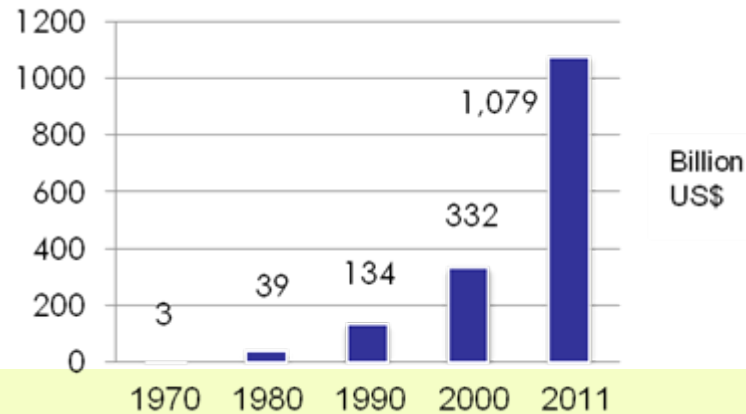


**19-28 days for customs clearance**



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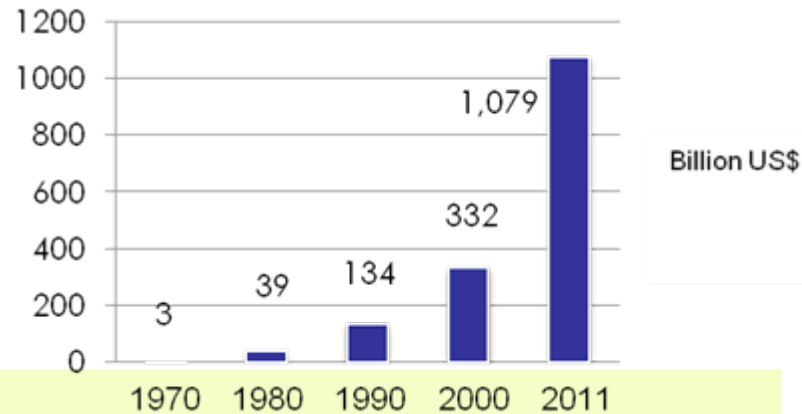
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### Bottleneck in trade process



**19-28 days for customs clearance**



## 1-2. Who we are?

Founded by KITA(Korea International Trade Association) in June 1, 1991

- 'Trade Automation Act' legislated by MKE(Ministry of Knowledge Economy)





## 1-3. What we do?

- Pursuing efficiency of trade process & national competitiveness
  - Reducing processing time and costs
- Designated Infrastructure Service Provider
  - Legal Support for 6 Business areas by the government
    - National Paperless Trade Infrastructure Provider  
(Electronic Trade Facilitation Act)
    - e-Customs Service Provider (Customs Act)
    - Electronic Bill of Lading (e-B/L) Title Registry  
(Commercial Act)
    - Certified e-Document Authority (Electronic Commerce Act)
    - Purchase Confirmation of raw materials for Export Goods Service Agency  
(Foreign Trade Act)
    - Accredited Certificate Authority (Digital Signature Act)

## 1-4. History of KTNET

Trade Automation(VAN/EDI)	Internet based Service	Seamless Single Window
<ul style="list-style-type: none"> <li>• Act on Promoting Trade Biz. Process Automation</li> <li>• Foundation of KTNET (launching paperless trade)</li> <li>• Designated as 'Trade Biz. Automation Service Provider'</li> <li>• Services for Bonded Cargo, Import/Export Clearance</li> <li>• MFCS (Manifest Consolidation)</li> <li>• Customs Refund System</li> <li>• L/C and Import/Export License</li> <li>• EDI based C/O and Invoice</li> </ul>	<ul style="list-style-type: none"> <li>• Designated e-Document Authority</li> <li>• Paperless Trade Basic Infrastructure Provider</li> <li>• Launching 'cTradeWorld.com' (Paperless Trade Portal)</li> <li>• Accredited Certificate Authority for digital signature</li> <li>• e-Logis Frame (Logistics Portal)</li> <li>• Initiatives of Global Service               <ul style="list-style-type: none"> <li>- Founding Member of PAA &amp; ASEAL</li> </ul> </li> <li>• Global Cargo Tracking Service</li> </ul>	<ul style="list-style-type: none"> <li>• Libyan Single Window Project</li> <li>• Mongolian e-Customs &amp; DR Center Project</li> <li>• Mongolian National Assembly e-Library</li> <li>• e-C/O cross border transaction</li> <li>• e-Settlement Service Agency</li> <li>• e-L/C, e-B/L Title Registry, e-Nego</li> <li>• Purchase confirmation (National Tax Service)</li> <li>• e-Document repository building (Hospital, Insurance)</li> </ul>
<div>Closed Network (1989 ~ 1999)</div>	<div>Open Network (1999 ~ 2008)</div>	<div>Single Platform (2008 ~ present)</div>

## 1. Introduction of KTNET

# 2. The Pride of Korean Single Window

2-1. Strong Community

2-2. The first seamless Single Window

2-3. Integrated System Architecture

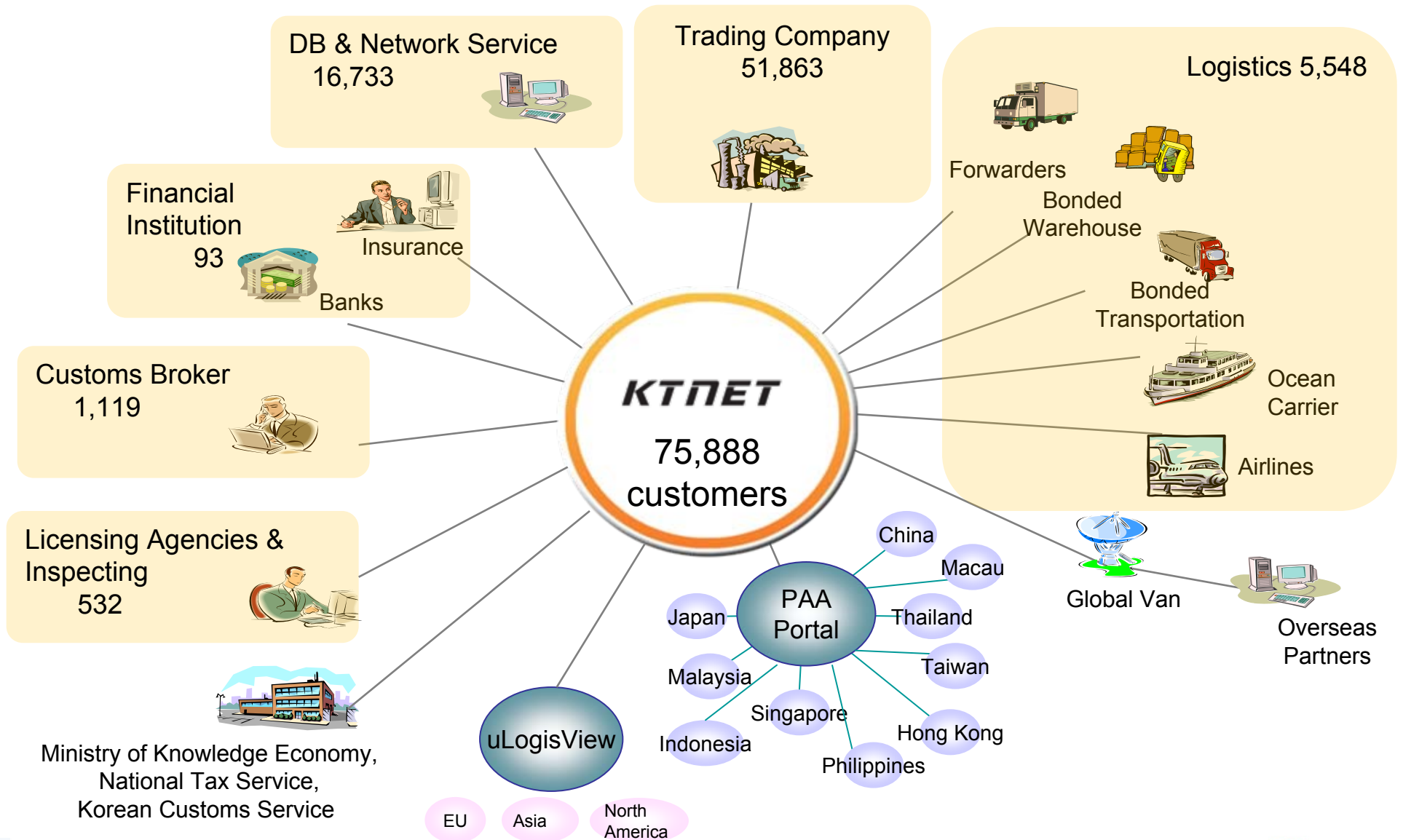
2-4. Customer-Oriented Convergence Services

## 3. Benefits

## 4. Sharing Our Experience



## 2-1. Strong Community

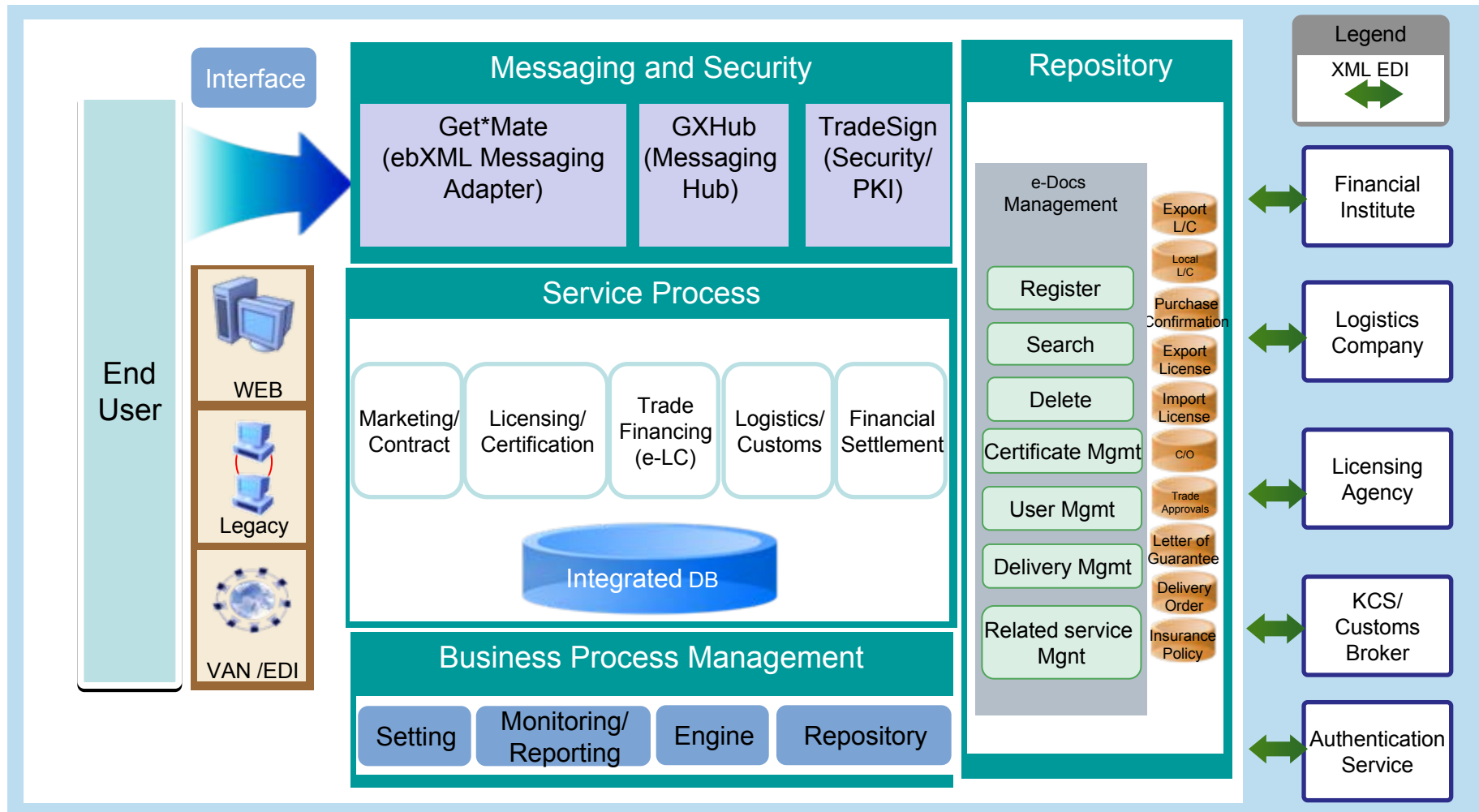


## 2-2. The first Seamless Single Window

- KTNET provides internet based e-L/C, e-B/L and e-Nego services which support the whole cycle of trade process for the first time in the world.
- 585 different kinds of e-documents based on both domestic and Int'l standards and 289 Million transactions in 2011
- Frequently used e-documents by traders
  - Open Account Negotiation Application, L/C Opening & Notification, Purchase Confirmation
  - Insurance Policy
  - Licensing & Certification, Certificate of Origin

Market Search & Trade	Finance	Customs	Logistics	Cross Border Transaction
<ul style="list-style-type: none"> <li>• Certificates</li> <li>• Licensing</li> <li>• C/O</li> <li>• Tax Invoice</li> <li>• Purchase Confirmation of raw materials</li> <li>• B2B Commerce</li> </ul>	<ul style="list-style-type: none"> <li>• Letter of Credit</li> <li>• Local L/C</li> <li>• Presentation of shipping documents for Negotiation /Collection(e-Nego)</li> <li>• Settlement</li> </ul>	<ul style="list-style-type: none"> <li>• Export Clearance</li> <li>• Import Clearance</li> <li>• Duty Draw-back</li> <li>• Customs Risk Management Process (Cargo Selectivity, Post Clearance Audit)</li> </ul>	<ul style="list-style-type: none"> <li>• Shipping Request, B/L</li> <li>• Manifest</li> <li>• Port In &amp; Out Report</li> <li>• Cargo Visibility Service</li> <li>• AMS</li> </ul>	<ul style="list-style-type: none"> <li>• PAA &amp; ASEAL Initiative</li> <li>• Korea-Taiwan eC/O Paperless Trade Initiative</li> <li>• Mutual Recognition of PKI</li> </ul>

## 2-3. Integrated System Architecture





## 2-4. Customer-Oriented Convergence Services

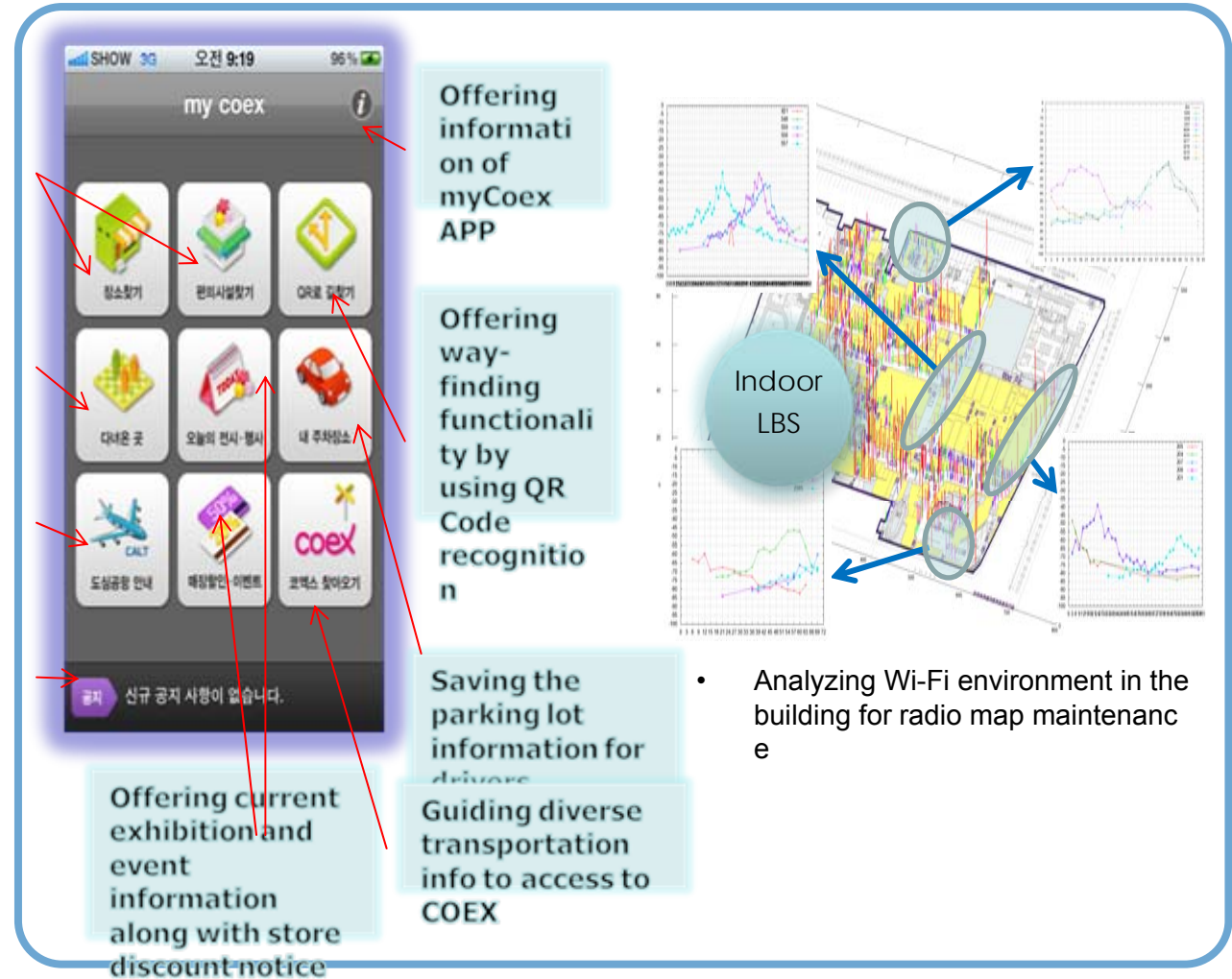
**Indoor RTLS  
(myCOEX)**

**FTA C/O Service  
(FTA Korea)**

**Certified e-Document  
Repository (DocuOn)**

**B2B Cloud Service**

...



## 2-4. Customer-Oriented Convergence Services

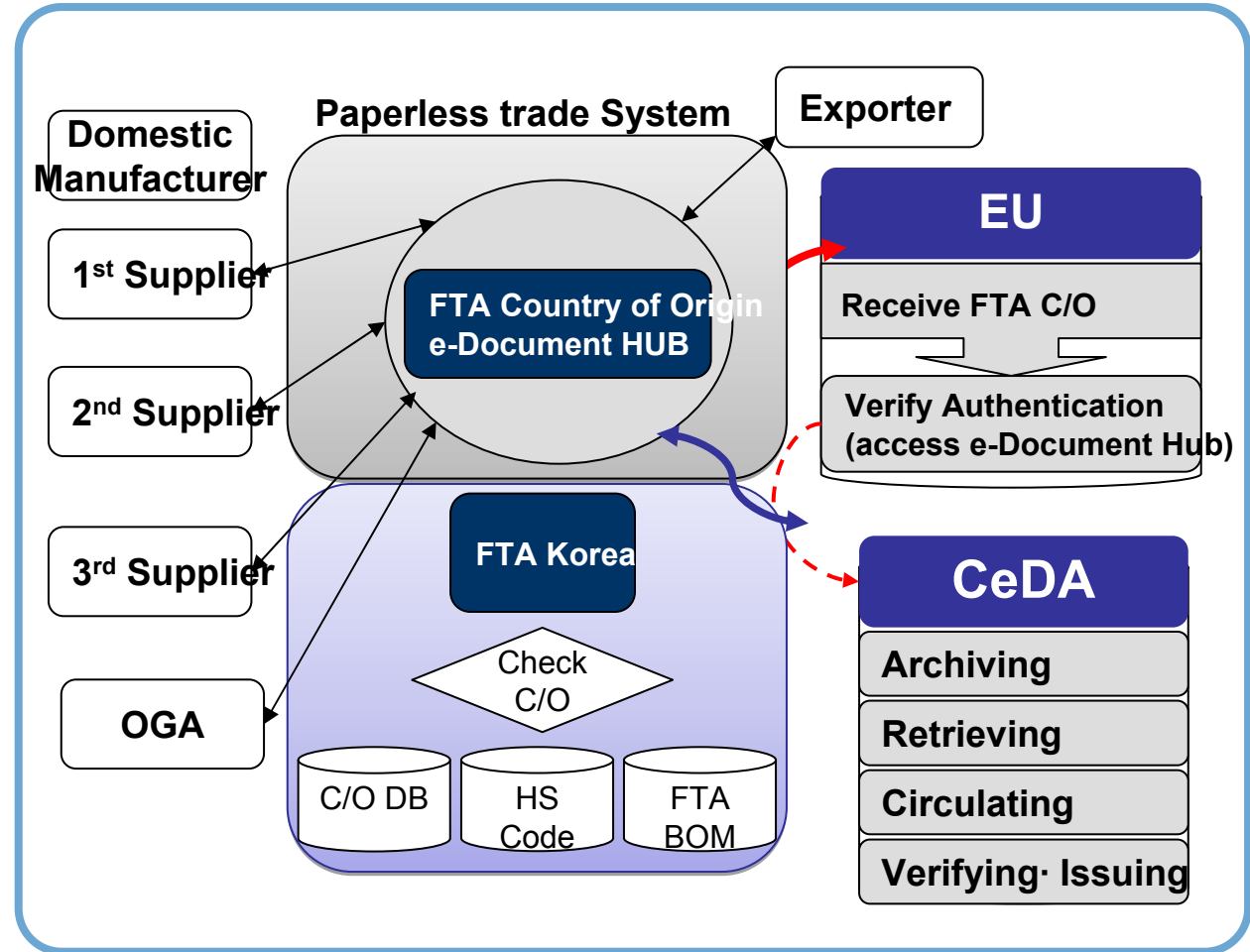
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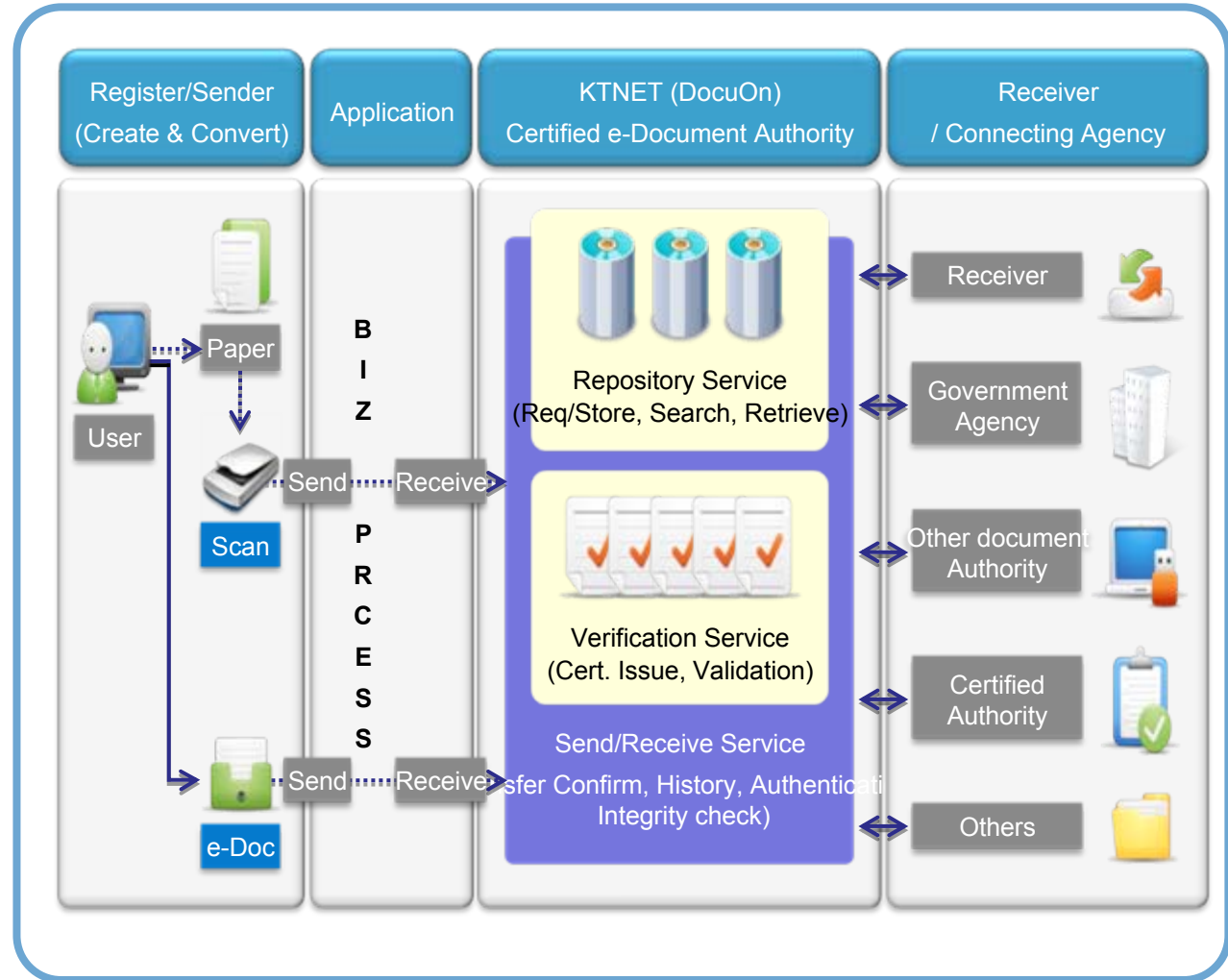
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1. Introduction of KTNET

2. The Pride of Korean Single Window

### **3. Benefits**

3-1. Economic Effects

3-2. Harmonization of Public Purpose and Efficiency

3-3. Facilitation of Trade, IT and Green Industry

3-4. How much resource Samsung Electronics saved?

4. Sharing Our Experience

## 3-1. Economic Effects

- Savings : US\$ 5.57 billion
  - Direct Cost Savings of Company (2.5 billion) : Labor, printing, delivery costs
  - Incidental Expense Savings (3.0 billion) : Cargo, Clearance storage expenses,  
Tariff Refund
  - Other Cost Savings (0.07 billion) : Printing, Document management
- Cost : US\$ 0.15 billion
  - Paperless Trade Service Fee (0.03 billion)
  - Company's Cost (0.12 billion) : S/W, H/W purchase,  
Construction & maintenance of own system
  - Public Sector (5 million) : Initial investment
- Economic Net Effects : US\$ 5.42 billion

\* Reference

1. Trade Focus Vol.6, No.64, Institute for International Trade, KITA, Dec. 2010
2. Hyundai Research Institute, Feb. 2006

## 3-2. Harmonization of Public Purpose and Efficiency

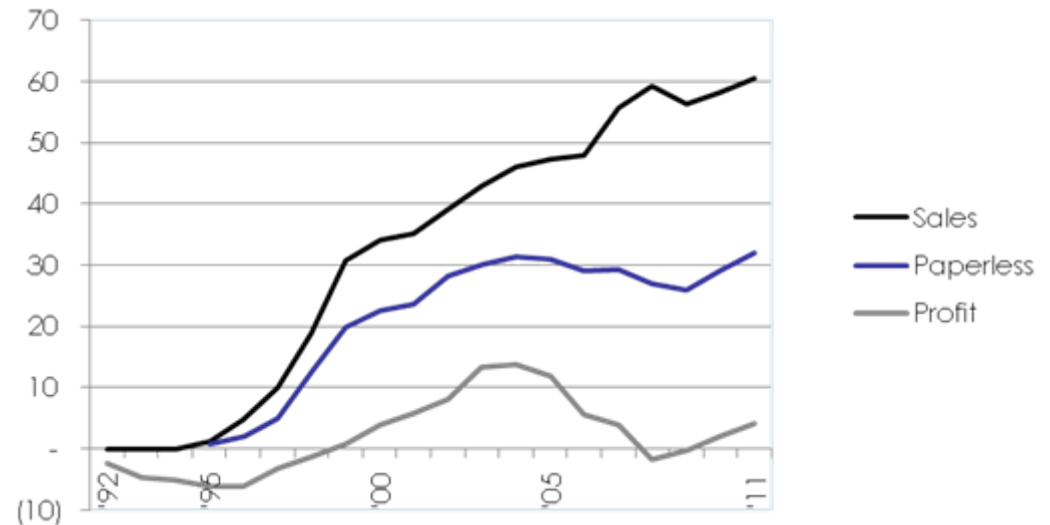
Public organization, KITA invested US\$100 million and established KTNET as a private company to balance both public purpose and efficiency.

KTNET has also continuously lowered the transmission rate of service:

- US\$ 0.28 -> 0.25 -> 0.21

In 2011, KTNET generated US\$ 61 million in sales and US\$ 4.2 million in net profit.

In spite of the lowered service rate, KTNET has been giving constantly increasing results.



KTNET has been revolutionizing the trade process with its paperless trade Infrastructure by integrating both business and technology, which provides efficient and cost-saving service by automating the entire trade transaction process.



### 3-3. Facilitation of Trade, IT and Green Industry

- KTNET's infrastructure has contributed to Korea's trade volume of 1 trillion US dollars in 2011.
  - Korea joined "US\$1 trillion trade club" as the 9th member country.
- Not only major exporters like Samsung and Hyundai, but also small and medium sized companies have made the best use of paperless trade services and solutions, resulting in one of the highest IT literacy country
- KTNET has made it possible to reduce the use of paper in a business in alliance with the green growth policy of Korean government
  - Case: Paper Savings from Hyundai Motor Company's e-Negotiation

Reduction of Paper Usage

60 sheets / negotiation

Number of Negotiation

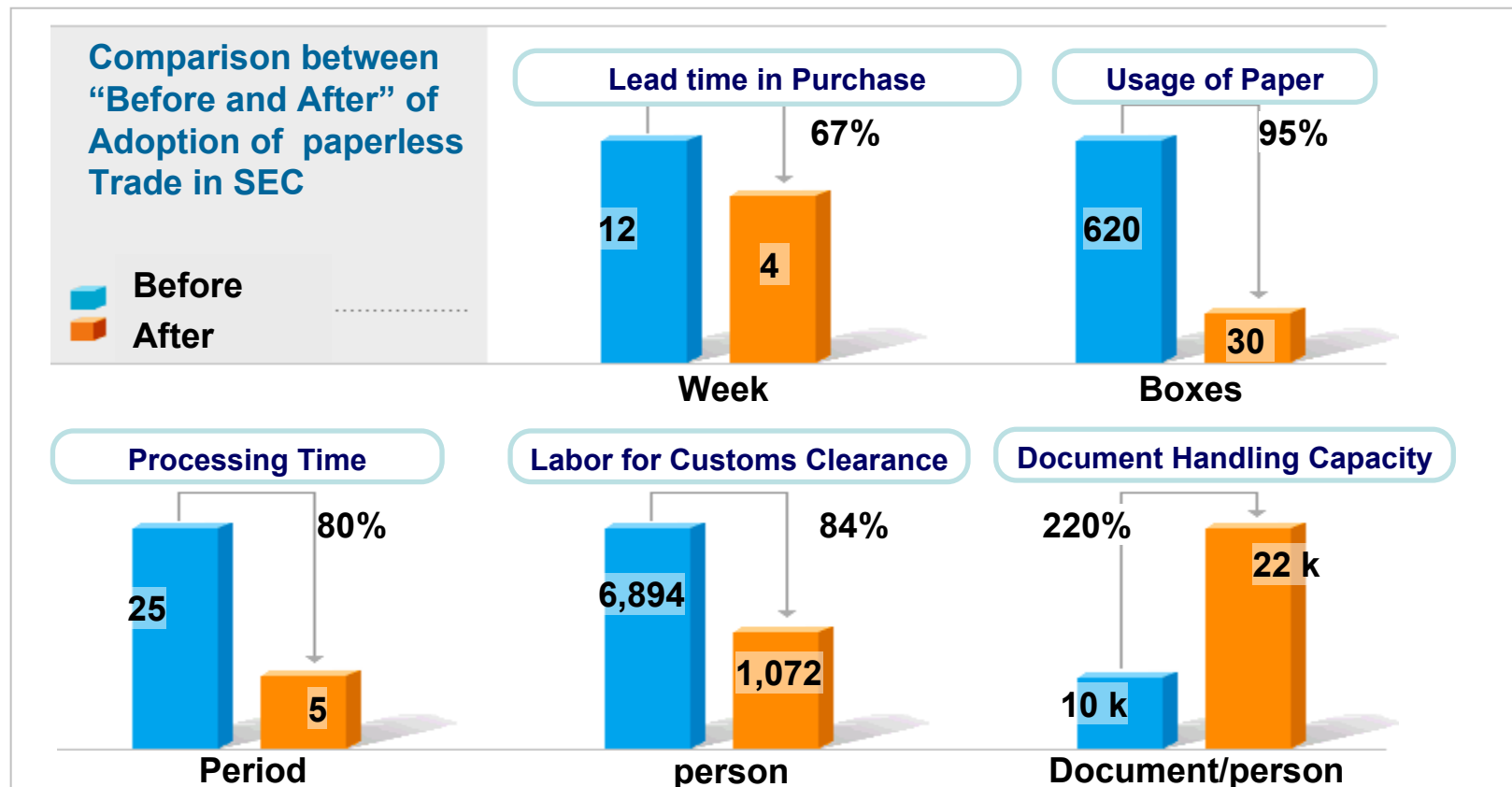
20,000 / Year

Total Savings

1,200,000 sheets / Year

### 3-4. How much resources Samsung Electronics saved?

- SEC has reduced 67% of lead time, 80% of processing time, 84% of labor and 95% of papers in overseas purchase.



1. Introduction of KTNET

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## **4. Sharing Our Experience**

4-1. Overseas Cooperation

4-2. Reliable ways to get connected

4-3. Demonstration (Case of Hyundai Motors)

## 4-1. Overseas Cooperation

- KTNET is ready to share experiences on e-Customs and Single Window development in overseas
- Implementation cases of Single Window
  - 1) Libyan Single Window(LSW)
    - Development of SW for Paperless Trade ('09~'11)
    - Workshop for Libya Trade Network Project (23, May '12)
  - 2) Mongolian National Single Window
    - Customs : e-Customs system for Customs Administration ('08~'10)  
DR Center Project ('11)
    - Mongolian Parliament e-Document Repository DB Project ('10)
  - 3) Peru Single Window
    - Feasibility Study ('11), MOU for Single Window (May, '12)

# Mongolian National Single Window

- Signing Ceremony for e-Customs and DR Center Project ('10)
- Tape Cutting Ceremony for Mongolian Parliament e-Document Repository DB Project ('10)



Mr. Tseveenjav Derjee, the commissioner of Customs Service,  
Dr. Yun, Soo-Young, President & CEO of KTNET

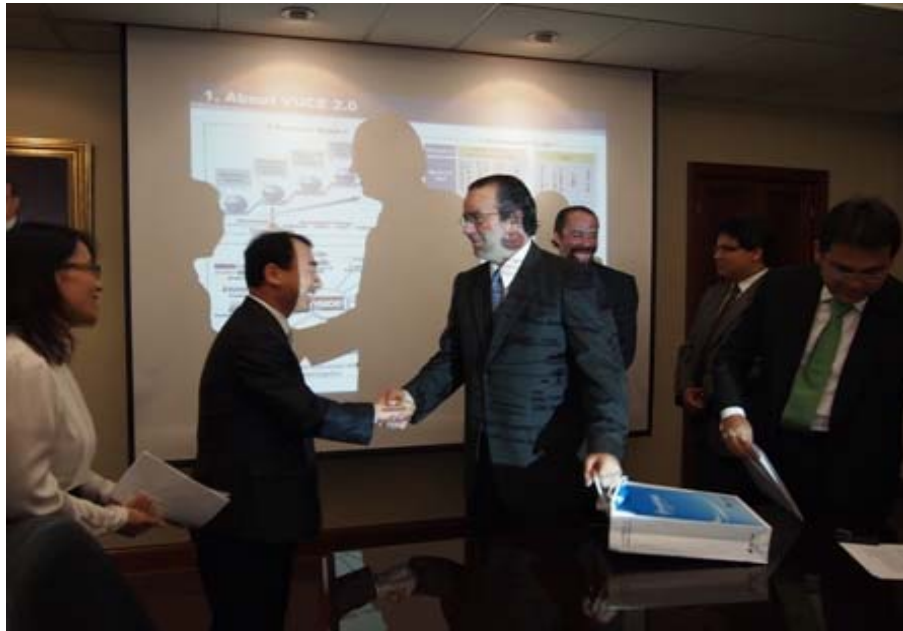


Mr. Batu, Vice Chair of Mongolian National Parliament  
Mr. Shardorch, Secretary General, Mongolian National Parliament  
Mr. Jeong IL, Ambassador of Korea  
Dr. Yun, Soo-Young, President & CEO of KTNET



### Peru Single Window

- Presentation of Feasibility Study for Peru Single Window
- Signing Ceremony for the MOU to establish paperless trade in Peru



Mr. Jose Luis Silva Martinot, Minister of MINCETUR, Peru  
Dr. Yun, Soo-Young, President & CEO of KTNET



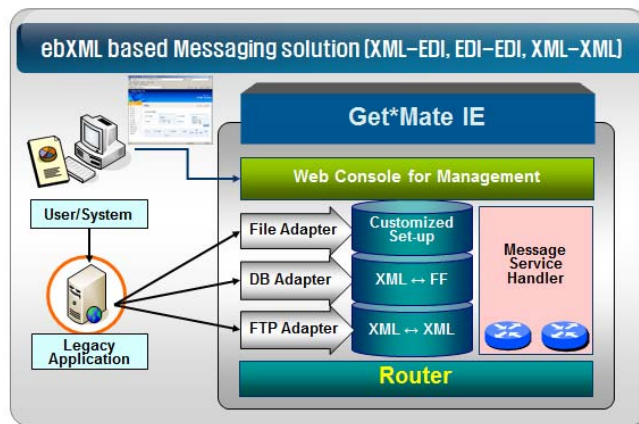
Mr. Jose Luis Silva Martinot, Minister of MINCETUR, Peru  
Dr. Yun, Soo-Young, President & CEO of KTNET  
Mr. Hong, Seok-Woo, Minister of Ministry of Knowledge and Economy, Korea

## 4-2. Reliable ways to get connected

Easy to implement, Reliable and interoperable messaging, minimizing resources to build.

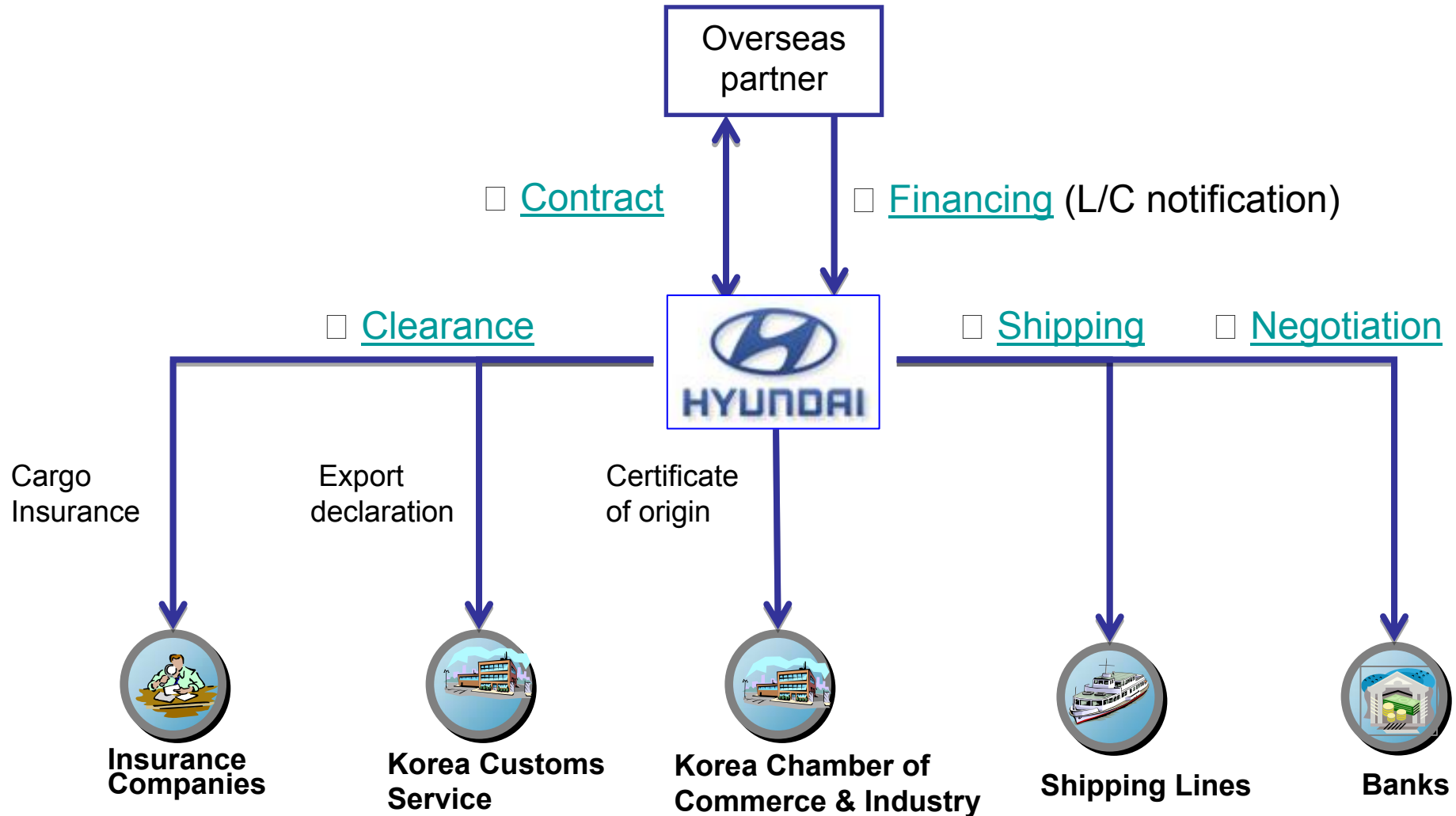
GeT\*Mate is a solution required by an enterprise that wants to simplify business procedures and reduce expenses through paperless trade.

- GeT\*Mate was Certified by ebXML Asia in 2003
- Adapted by many Single Windows and paperless trade service providers in the worlds such as uTradeHub(Korea), France EDI(France), CIECC(China), DagangNet(Malaysia), CAT(Thailand), EDI Indonesia, Tradelink(Hong Kong), Trade-Van(Chinese Taipei), TEDMEV(Macau), GAINDE(Senegal)



### 4-3. Demonstration : Case of Hyundai Motors

Example of export process through Single Window



**THANK YOU  
FOR  
YOUR ATTENTION!**