



MLETR's role in digitalizing trade & DSI Resources

ICC Digital Standards Initiative
Aug 2024

The Realities of Trade Today

In over 90% of the trading world, trade and supply chain data is embedded in paper forms (physical or pdf), multiplied each time that goods and services cross borders before reaching the end consumer.

This data must be manually extracted, validated and entered into IT systems, most of which are not connected to each other.

The process is:

- prone to errors, discrepancies and even fraud
- time consuming and costly
- environmentally inefficient

Key obstacles to digitizing trade in businesses and supply chains*



Countries are at different stages of regulatory reforms that would legalize Electronic Transferable Records (ETRs), providing legal certainty and recognition.



Taxonomies, standards, and technologies vary widely across the trading system even where there is alignment on digitalization. Interconnection must be individually negotiated and accomplished.



Digital networks have been created to drive common approaches and standards, and while these enable economic efficiencies, there are no established means to connect “digital islands” to one another.

**result of DSI's industry consultation in 2021*

Model Law on Electronic Transferable Records (MLETR)



United Nations
UNCITRAL

MLETR “legally enables the use of electronic transferable records that are functionally equivalent to transferable documents and instruments including bills of lading, bills of exchange, promissory notes and warehouse receipts.”
i.e. digital records would have the same legal standing as paper/pdf, thereby granting contracting parties security, title, and the obligations / rights of performance

The MLETR builds a case for the use of ETRs in trade

- E-signature ready
 - Ability to distinguish the original from copies
 - Ability of an e-doc to be confidential
 - Readable by machine (and human)
 - Transferable, stored, and processed by the holder
 - Legally binding / enforceable
-
- **Concluded 2021**
 - **Endorsed by G7 in 2022**
 - **Referenced in regional roadmaps 2022**

UNCITRAL

UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW

UNCITRAL Model Law on
Electronic Transferable Records



Documents relating to Title

Bills of Lading
Bills of Exchange
AirWay Bills
SeaWay Bills
Promissory Notes
Ships & Delivery Order
Marine Insurance Policy
Cargo Insurance Certificate
Warehouse Receipts

Advantages for MSMEs

48.47% of Contribution to GDP*



- ✓ Enables SMEs to leverage a wide range of tools, from email to more expensive trade documentary flow solutions to enable trade.
- ✓ Prevents SMEs from having to sign up to multiple different documentary flow solutions with different rules and legal jurisdiction requirements.
- ✓ Simplifies operating models and risk profiles of all shippers, customs departments, banks, buyers and sellers.
- ✓ Incentivizes new business models and greater global inclusion.

*suggested by [studies carried out by SMEDAN and NBS](#)

We engage the public sector to progress legislative reform and build capacity to implement digital trade

- The DSI Legal Reform Advisory Board (LRAB) helps DSI to spread the message about regulatory reform across government, industry associations, multilateral organizations and regional economic communities.
- DSI works with governments to build capacity to implement and benefit from digital trade.
- Our Monitoring Framework tracks the progress of jurisdictions in adopting the UNCITRAL Model Law on Electronic Transferable Records (MLETR).



DSI LRAB Participating Organisations (as of Oct 2023)

Cross-Border Paperless Trade Database 2

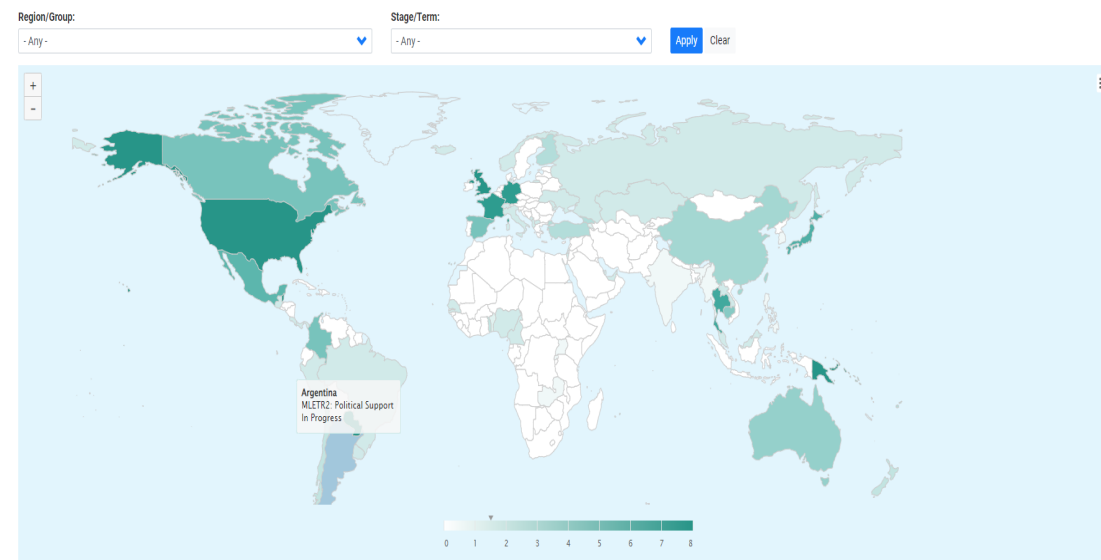
MLETR Tracker

A comprehensive database tracking international trade takes place on the basis of electronic data and documents, to better support trade facilitation and foster global collaboration.

NEW:

- 1 MLETR Socialisation
- 2 Political Support
- 3 Champion Identification
- 4 Working Group Establishment
- 5 Readiness Assessment

MLETR Tracker



STAGE	TERM	DEFINITION
1	MLETR SOCIALISATION	MLETR information has been conveyed and socialised with relevant policymakers within the government and ownership of MLETR as an issue has been established within the government
2	POLITICAL SUPPORT	Jurisdiction has committed to adopt or align to MLETR through (i) public statements; (ii) political declarations (e.g. G20 communiqués, G7 ministerial statements etc.); or (iii) trade agreements
3	DOMESTIC ANALYSIS	Jurisdiction has been identified gaps in legal frameworks relevant to electronic transferable records
4	READINESS ASSESSMENT	Jurisdiction has undertaken or received through technical assistance an assessment of laws requiring amendment
5	STAKEHOLDER CONSULTATION	Jurisdiction has consulted with stakeholders, including industry
6	LEGISLATIVE DRAFTING	Jurisdiction has drafted legislation to adopt or align to MLETR
7	PASSAGE OF LEGISLATION	Draft legislation has passed through relevant parliamentary or executive processes to become law
8	ENTRY INTO FORCE	Relevant law has entered into force

I. MLETR Socialisation: MLETR information has been conveyed and socialised with relevant policymakers within the government via:

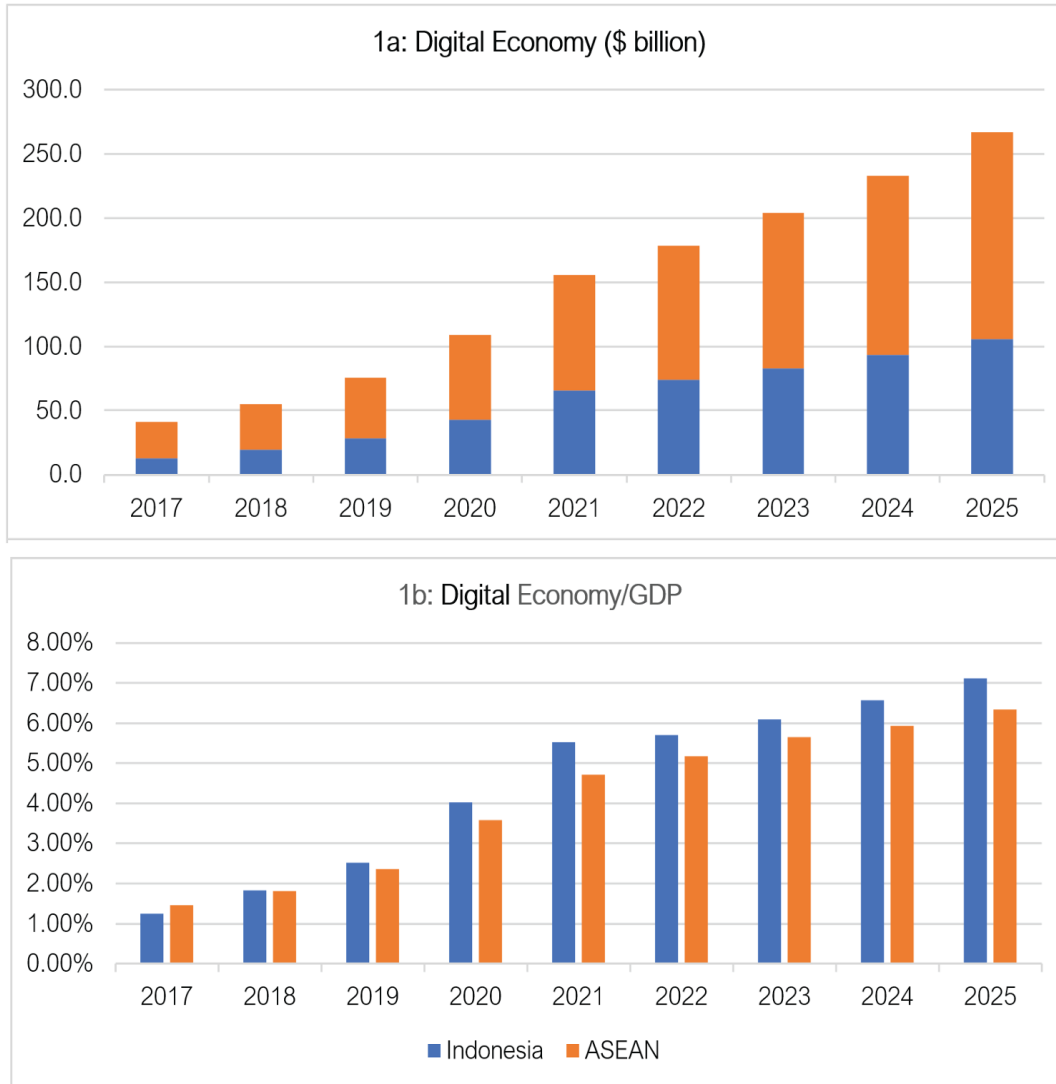
(1)Capacity building event comprised of government officials; bankers and private sectors; or

(2)A Economic Study: estimating the economic benefits unlocked by digitalization; or

(3)Consultation sessions with stakeholders to identify the pain points to the digitisation of bills of exchange, bills of lading, and other documents of title - what's stopping it from happening

Sample Economic Study-Indonesian & Malaysia

Figure 1: Digital Economy Outlook



<https://www.eria.org/research/redefining-indonesias-digital-economy>

Harnessing the Power of Technology: Building a Strong Digital Economy for Malaysia's Future

July 2023
Nurtin Mohd Salleh, Hanno Stegmann, Ching-Fong Ong, Yung Shen Ow, Tauseef Charanya, Raja Segaran, Allan Cheah Wei Ming, Azam Wan Hashim

<https://web-assets.bcg.com/cb/8c/8d3a3877478ebb5f2b0de7b418cb/harnessing-the-power-of-technology-bcg-bcg-x-mdec.pdf>

II. Political Support: The jurisdiction has committed to adopt or align to MLETR through any of the following:

- (1) public statements; or
- (2) political declarations (e.g. G20 communities, G7 ministerial statements etc.); or
- (3) trade agreements.

Article 19.5: Domestic Electronic Transactions Framework

1. Each Party shall maintain a legal framework governing electronic transactions consistent with the principles of the *UNCITRAL Model Law on Electronic Commerce 1996*.
2. Each Party shall endeavor to:
 - (a) avoid unnecessary regulatory burden on electronic transactions; and
 - (b) facilitate input by interested persons in the development of its legal framework for electronic transactions.

III. Champion Identification: ownership of MLETR as an issue has been established within the government, where:

(1) One specific department has been established and/or announced to take charge of the coordination, such as the Department of Digital Transformation.

IV. Working Group Establishment containing key experts from (including but not limited to) and the scope has been defined:

- a. Finance
- b. Justice
- c. Trade
- d. Customs
- e. Insurers
- f. Transport
- g. Digital

V. Readiness Assessment: Jurisdiction has undertaken or received through technical assistance an assessment of laws requiring amendment.

Capacity Building Template: Country A Overview

Phase I Preparation

- Initiate dialogue
- Identify participating stakeholders, roles, and responsibilities
- Disseminate MLETR toolkit
- Create jurisdictional-specific capacity-building materials for the public sector
- Establish a working group w/ public and private sector participation
- Begin corporate sector outreach

Phase II Execution

- Survey the legal landscape and identify legal barriers under experts' guidance
- Conduct a business case study to estimate the economic benefit unlocked by digitalization of trade documents
- Publication of findings from the survey and the business case
- Increase knowledge of and interest in MLETR within low-med level management in the public sector

Phase III Implementation

- Assistance with drafting of legislation/legislative amendments
- Supporting consultations during the legislative process
- Obtain Certificate in Digital Trade Strategy
- Training following enactment of legislation
- Market preparation (training for SMEs)

Certificate in Digital Trade Strategy: A professional qualification in digital trade

An Online, Self-Study Course

- 5 modules, 20 videos, 5+ hours of learning, on standards, technologies, commercial aspects and policy
- 200 courses (50 countries) completed since launch Nov 2022

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IMDA

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MSC

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Trade Finance
Global



Identify the right strategy to accelerate your digitisation roadmap

Digitising your trade and supply chains is an ecosystem activity. This course will teach you the building blocks you need to know to identify the right strategy.

Pouya Jafari, Vice President, Digital Trade Innovation at SMBC

Short term impacts of MLETR Alignment



Working together to make
trade cheaper, faster, simpler
and more sustainable



Case study outcomes:

- Fruit importer** 15% more profitable
- Sugar trade** completes transaction in 1hr and 2x trade flow
- Construction** company cut costs 15-20%
- Engineering** company reduces data requirements 100%
- Retail** company saves 2 days on trade transaction

https://cdn.shopify.com/s/files/1/2992/1976/files/Seizing_the_moment_Unleashing_the_power_of_trade_digitalisation_report.pdf?v=1701936547

Other Resources

White Paper UNECE x UNCEFACT



<https://unece.org/trade/documents/2023/09/white-paper-transfer-model-law-electronic-transferable-records-compliant>

For Civil Law Jurisdictions

Rapport remis le 29 juin 2023 à
Bruno Le Maire, ministre de l'Économie, des Finances et de la Souveraineté industrielle et numérique
Eric Dupond-Moretti, Garde des Sceaux, ministre de la Justice
Olivier Becht, ministre délégué auprès de la ministre de l'Europe et des Affaires étrangères chargé du Commerce extérieur, de l'Attractivité et des Français de l'étranger

Accélérer la digitalisation des activités de financement du commerce international

Mission co-présidée par Béatrice Collot et Philippe Henry
Rapporteur de la Direction générale du Trésor
Sarah Teper

pdf available, please email ICC DSI

For Initial Progress Evaluation



Supported by the
European Bank
for Reconstruction and Development

[law-in-transition-2023-english-fag-enabling-digital-trade-through-legal-reform.pdf](#)





Thank you for your support!

www.dsi.iccwbo.org

<https://www.dsi.iccwbo.org/dsi-newsletter-signup>

A graphic for a newsletter sign-up. It has a dark background with abstract, glowing red and blue lines and dots, resembling a network or data visualization. The text "Get the Latest News to Your Inbox" is written in a large, white, sans-serif font. Below it, in a smaller white font, is the text "Subscribe to our newsletter to receive news and updates."

Get the Latest News to
Your Inbox

Subscribe to our newsletter
to receive news and updates.



Appendix

Enhanced Legal Certainty

- Preemptive: clarity on the legal validity of electronic records, reducing the likelihood of disputes. More confidence → More trade
- Harmonized rules → a more certain legal environment
 - easier to determine who is responsible for the records in case of a dispute
 - allows for the use of third-party service providers to assist with the transfer of electronic records, providing an additional layer of security and reducing the likelihood of disputes.
- Reducing disputes arising out of documentation fraud





Advantages for States



- ✓ Enhanced local and global value chain resilience to financial crises, commodity price movements, and pandemic events.
- ✓ Promotion of rules-based trade documentation governed by state legislation, not private contracts.
- ✓ Encourages modernization of business models, increasing market efficiency and enabling technological advancements.
- ✓ Contributes towards the attainment of the UN

**SUSTAINABLE
DEVELOPMENT GOALS**

Sustainable Development Goals

SDG	Benefits
 SDG 1: NO POVERTY. Icon showing a family of four.	Digitization can alleviate poverty and reduce inequalities by facilitating global trade, reducing trade barriers, and promoting shared prosperity. Paperless trade will lead to trade-related efficiencies and tackle the trade finance gaps that dampen economic growth and job creation, lifting people from poverty and improving living standards.
 SDG 8: DECENT WORK AND ECONOMIC GROWTH. Icon showing a bar chart with an upward arrow.	Paperless trade will reduce the cost of trade finance, enhance inclusion for MSMEs by eliminating costly paper-based processes, reduce due diligence costs, simplify risk mitigation actions, and vastly reduce process turnaround times. These factors will enhance the sustainability of trade as an engine of economic growth.
 SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION. Icon showing a circular arrow.	An estimated 4 billion trade documents are in circulation. If stacked on each other, the documents would be 520,000 meters high and constitute approximately half a million trees.
 SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS. Icon showing a dove and a scale of justice.	Current technologies that could be enabled by legislative reform, including distributed ledger technology, will substantially reduce fraud risk via smart contracts, bringing greater trust to the international trade finance system.