



Electronic Secure Cross-Border Trade

About PAA – Foundation, Business Processes and Projects

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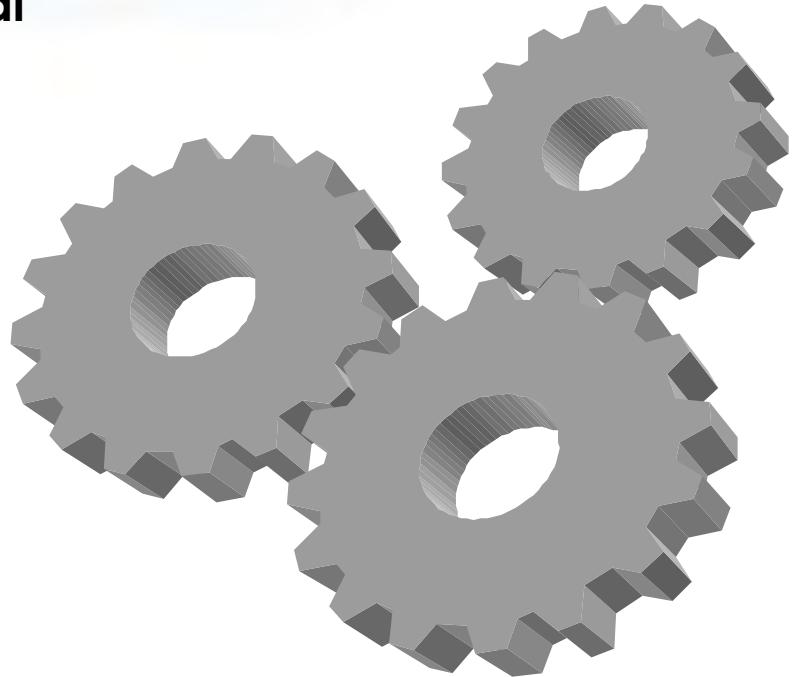
Complex Maze of Document Movements

- **Slow**
- **Costly**
- **Complicated**
- **Inaccurate**



What if we could...

- Exchange trade documents **electronically** with overseas and local business partners in a **secure** environment
- Access multi-region customs systems for **seamless import/export declarations**
- Seamlessly **track and trace** cargo consignments anytime, anywhere



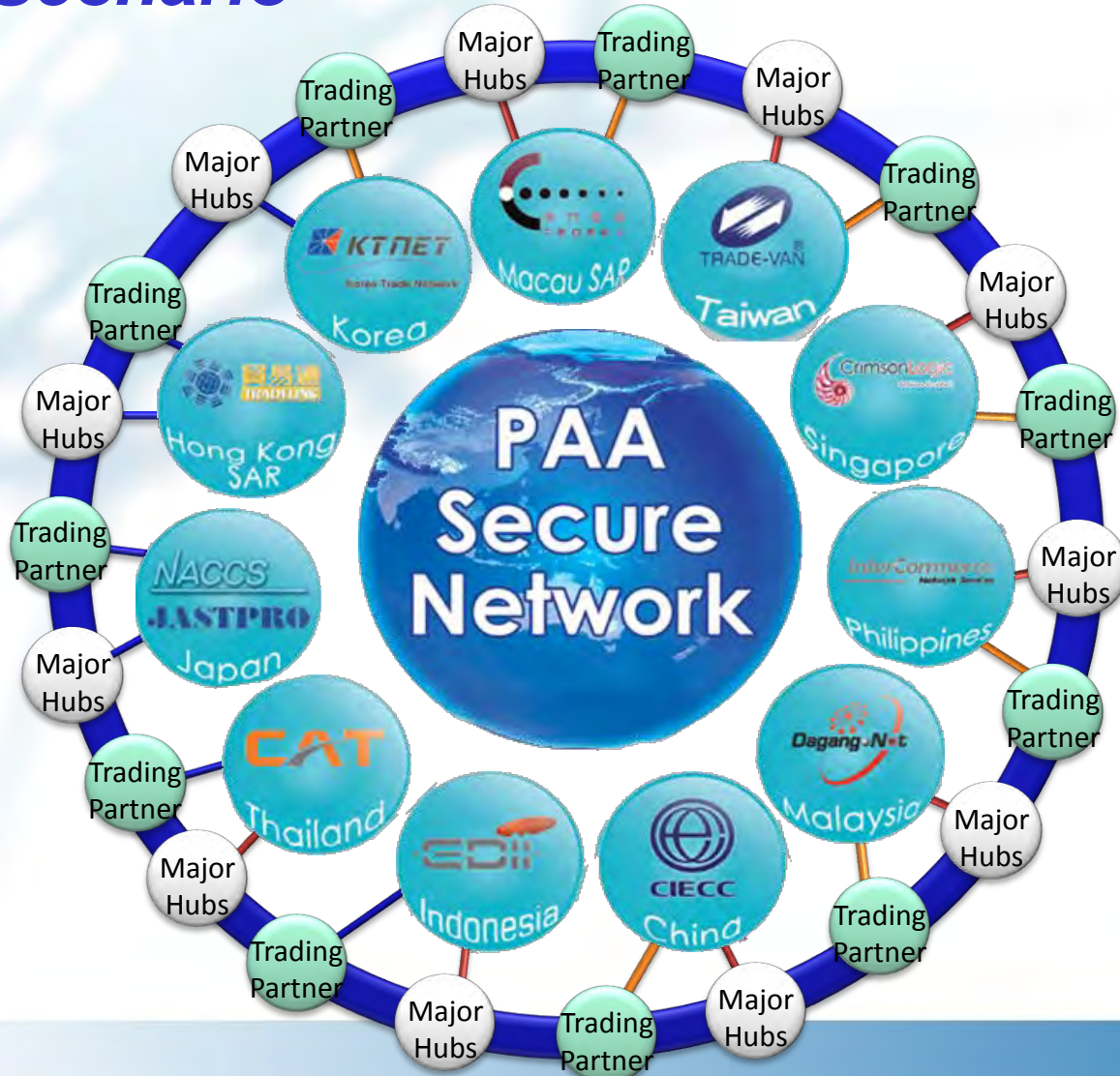
The Pan Asian eCommerce Alliance Charter

- 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.



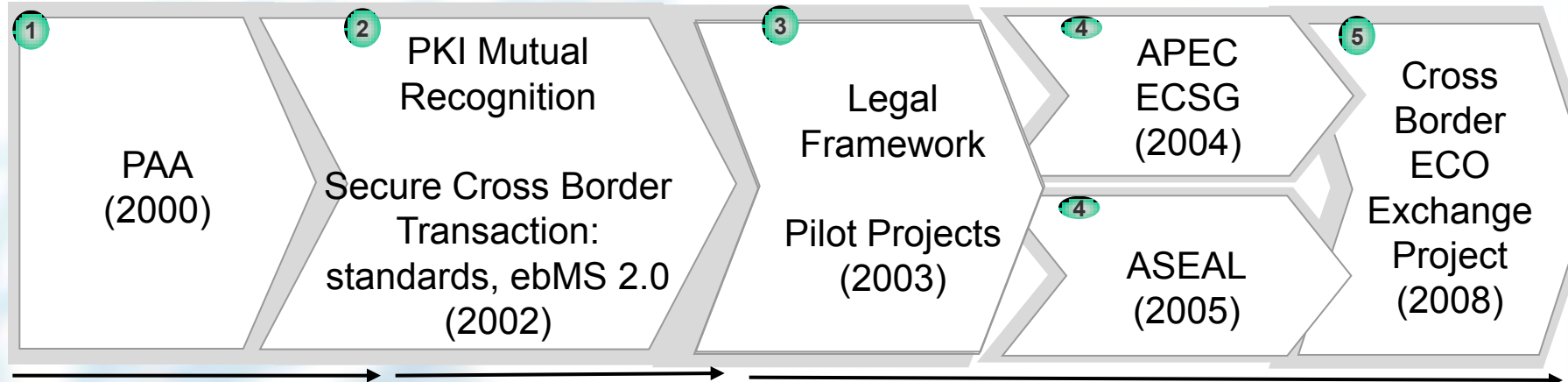
Single Window, Asian Connection

PAA Scenario



To promote and provide secure, trusted, reliable and value-adding IT infrastructure and facilities to enhance seamless trade globally

PAA Milestone



-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 Ltd. Co and business model

- 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 members' collaboration to ASEAL members

- Started Cross Border ECO exchange with Korea and France

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 legal framework**
 - ☞ Accept electronic documents
 - ☞ Accept **digital signatures**
 - ☞ Dispute resolution process
- e.g. electronic P.O. confirmed and signed by Taiwan buyer legally binding in HK and vice versa.



PAA's Achievements

- Has implemented secure cross border transaction model
- Has established robust legal framework which covers the liability of each parties, service level, dispute resolution process etc. for the exchange of digitally signed electronic documents
- Has developed PKI mutual recognition framework to support secure cross border transaction
- Has created message standards for both commercial and government related documents
- Has completed interconnectivity test among members using ebMS v2.0 messaging service handler
- Has created business model and charging scheme
- Has recruited users from different industries for various projects

- **B2B Projects: Commercial Documents Exchange**
 - Electronic commercial documents (Purchase Order, Commercial Invoice, Packing List, Advanced Shipment Notice) exchanged in textile industry between Taiwan and Hong Kong
- **B2B2G Projects: Automated Manifest/Declaration Service**
 - Air Way Bill/Sea Way Bill data from Taiwan, Hong Kong, Thailand, Indonesia, China etc delivered to Korea to be generated into Korean Import Manifest
- **ECO Project**
 - ECO exchange between Taiwan and Korea
- **Global Visibility Project**
 - Cross border container tracking Service

Case Study 1

TAL

Major textile manufacturer in Hong Kong

TAL – Tai Yuen Manual Processing

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.

Tai Yuen
(Taiwan
Seller)

TAL
(HK Buyer)

Re-key in Invoice/P/L
data in Export
Declaration

Re-key in Invoice/P/L
data in Import
Declaration

TW
Customs



Customs
Broker

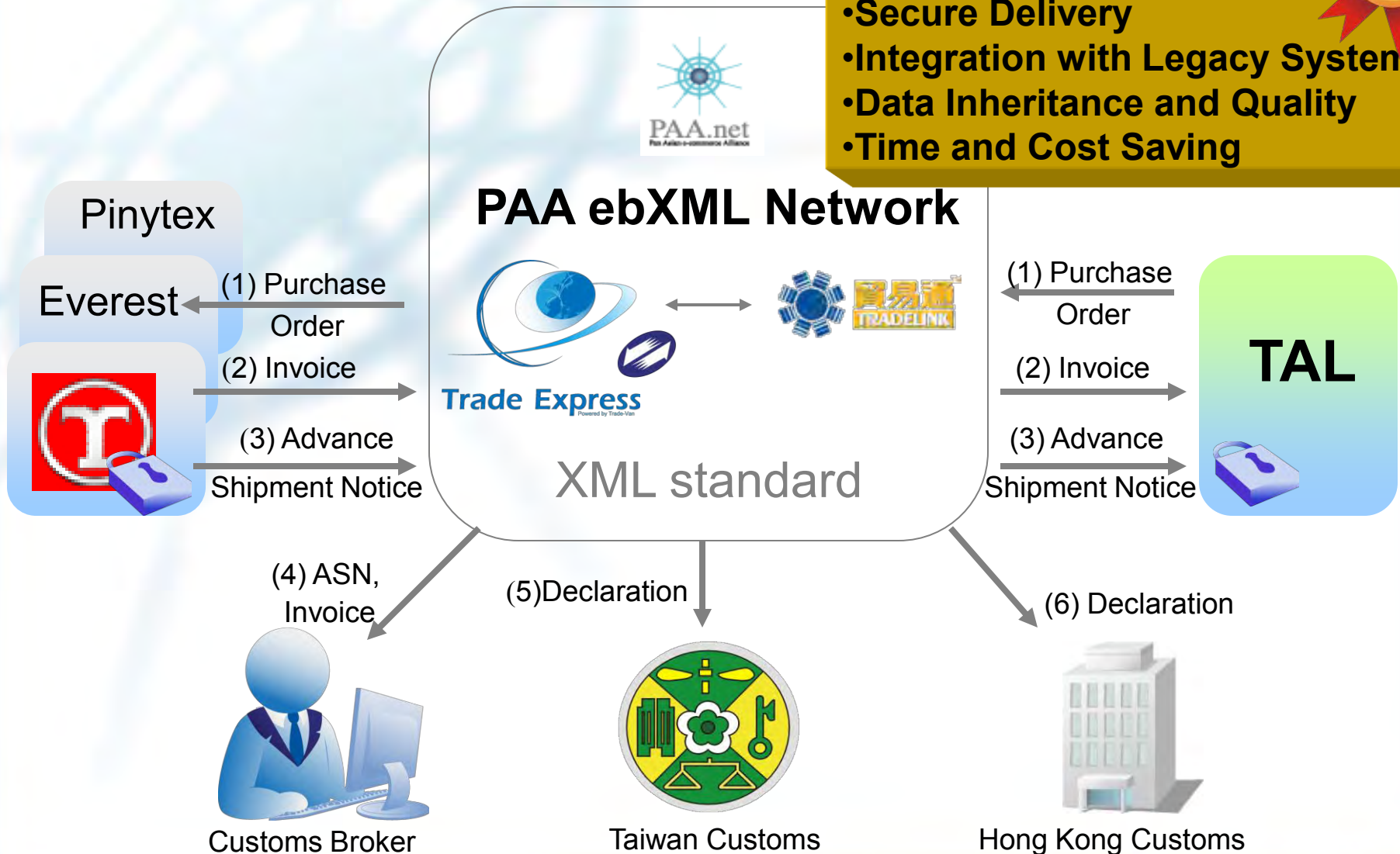
HK Customs

- 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

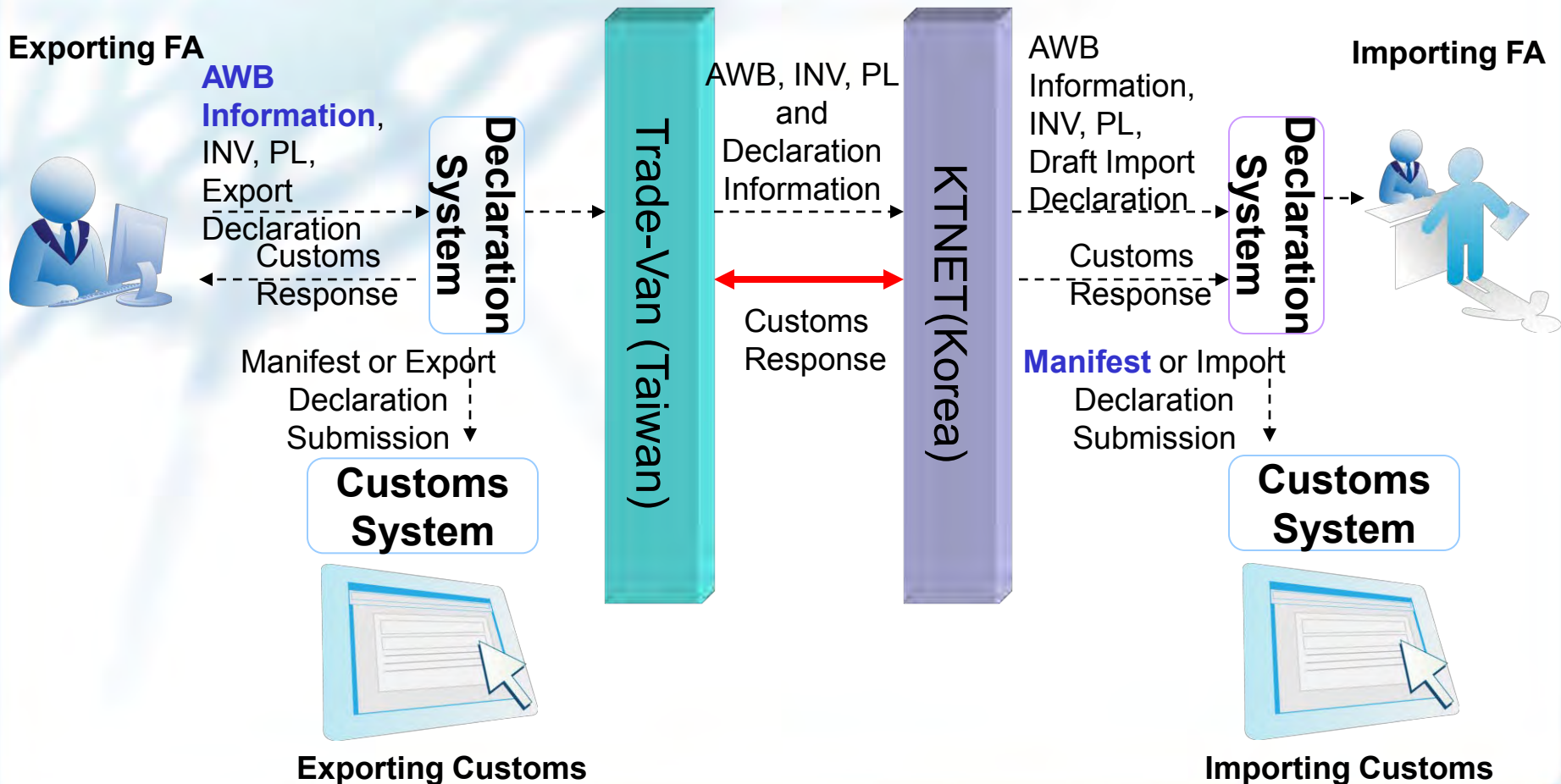


Case Study 2

Freight Forwarder

A new logistics management model

Extended Freight Forwarder Scenario



Monthly 3,000-4,000 live transactions!

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

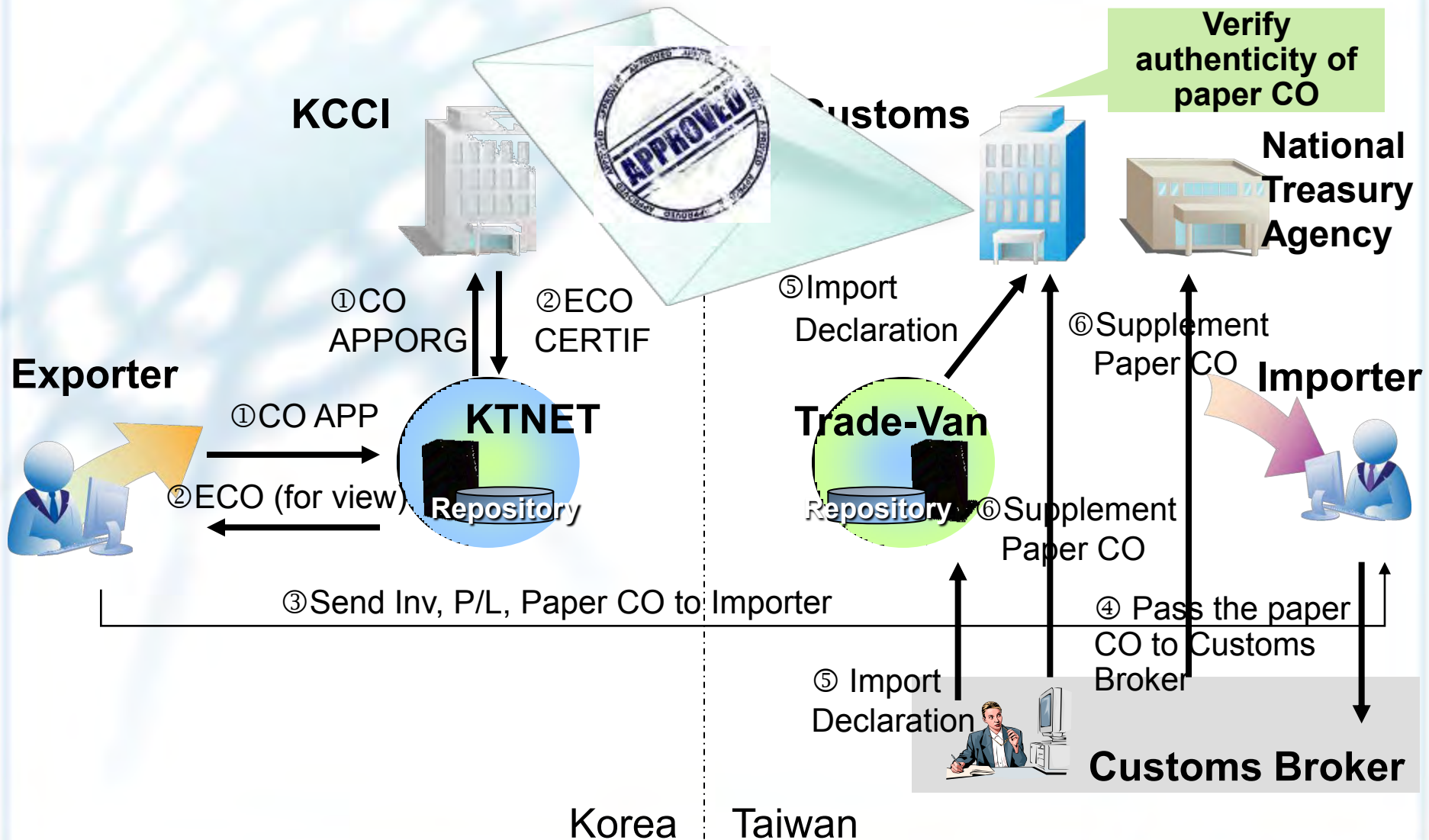
APEC Pathfinder Project

- ECO pathfinder is the most active **pathfinder project** under **APEC ECSG** (Electronic Commerce Steering Group)
- A ECO project (an example of **Public Private Partnership**) between **MKE** (public sector), **KITA** and **KTNET** (private sector) of Korea and **BOFT, MOFA** (public sector), and **Trade-Van** (private sector) of Taiwan was initiated.
- ECO exchange model between Korea and Taiwan has been adopted by APEC member economies as a best practice for cross border paperless trading

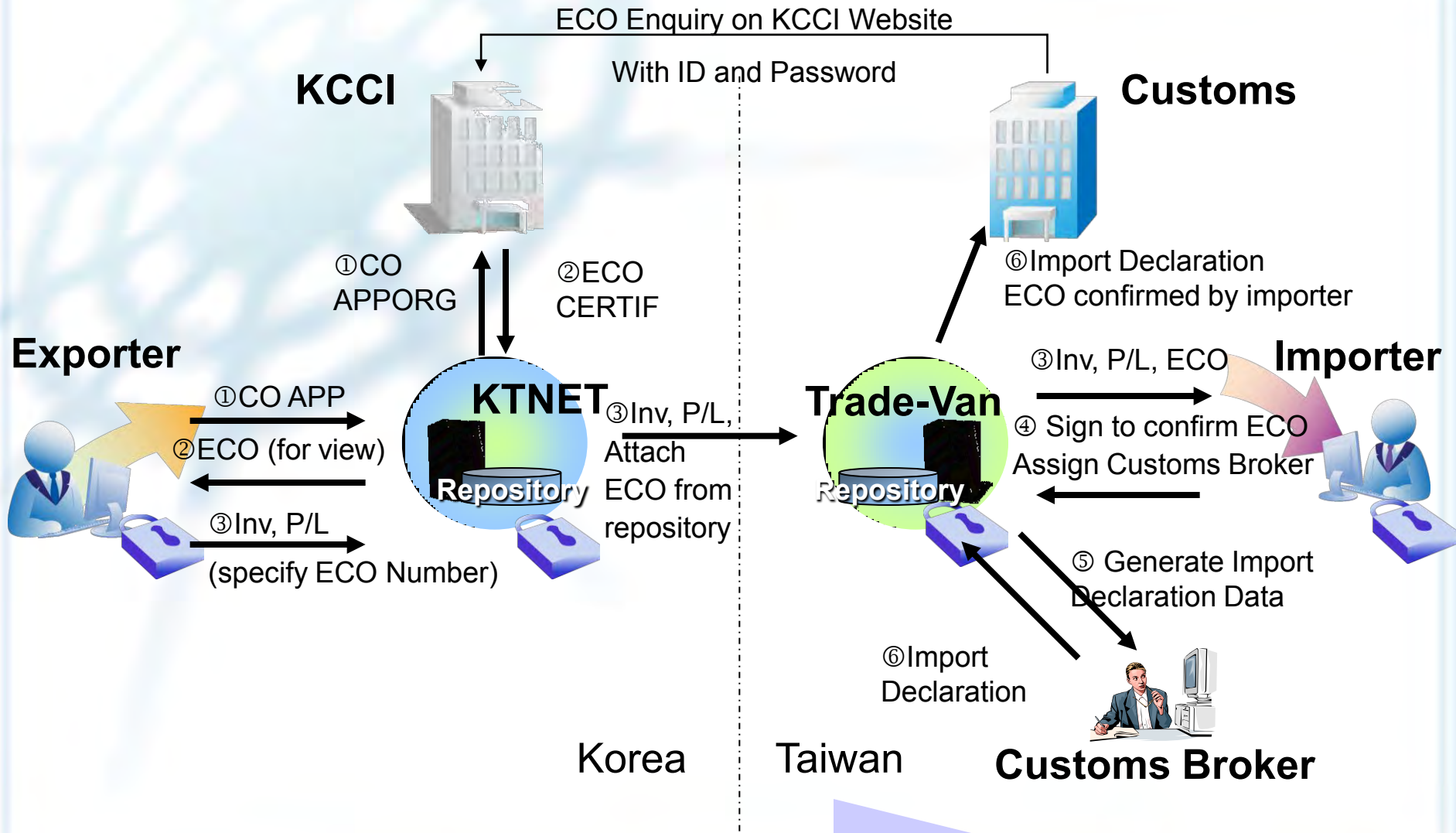
Objectives of the Project

1. To **facilitate cross border electronic transaction**
2. To **streamline the customs clearance process**
3. To help traders with **ease of use e-trade application** for cross border trade
4. To increase more business opportunity and improve business relationship between Korea and Taiwan
5. To **increase competitive edges** of Korean and Taiwanese traders

Paper CO Scenario [Korea ▶ Taiwan]



ECO Scenario [Korea ▶ Taiwan]



New developments: cross border eSPS exchange

Benefits to Government

- 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 time and costs (*courier express US\$23*) in applying and sending over paper CO
- No need to get a stamp/seal on the CO from Taipei Trade Representative Office in Korea → save tremendous time (*in average 3 days*) and costs (*US\$20 per stamp, transportation cost US\$20-40*)
- Transmit cross border documents in a secure online environment
- Better service to their buyers

Importer

- Speed up customs clearance process
- Expedite cargo pick up → saving warehouse cost
- Guarantee of authentic CO

Expansion to Other Member Economies

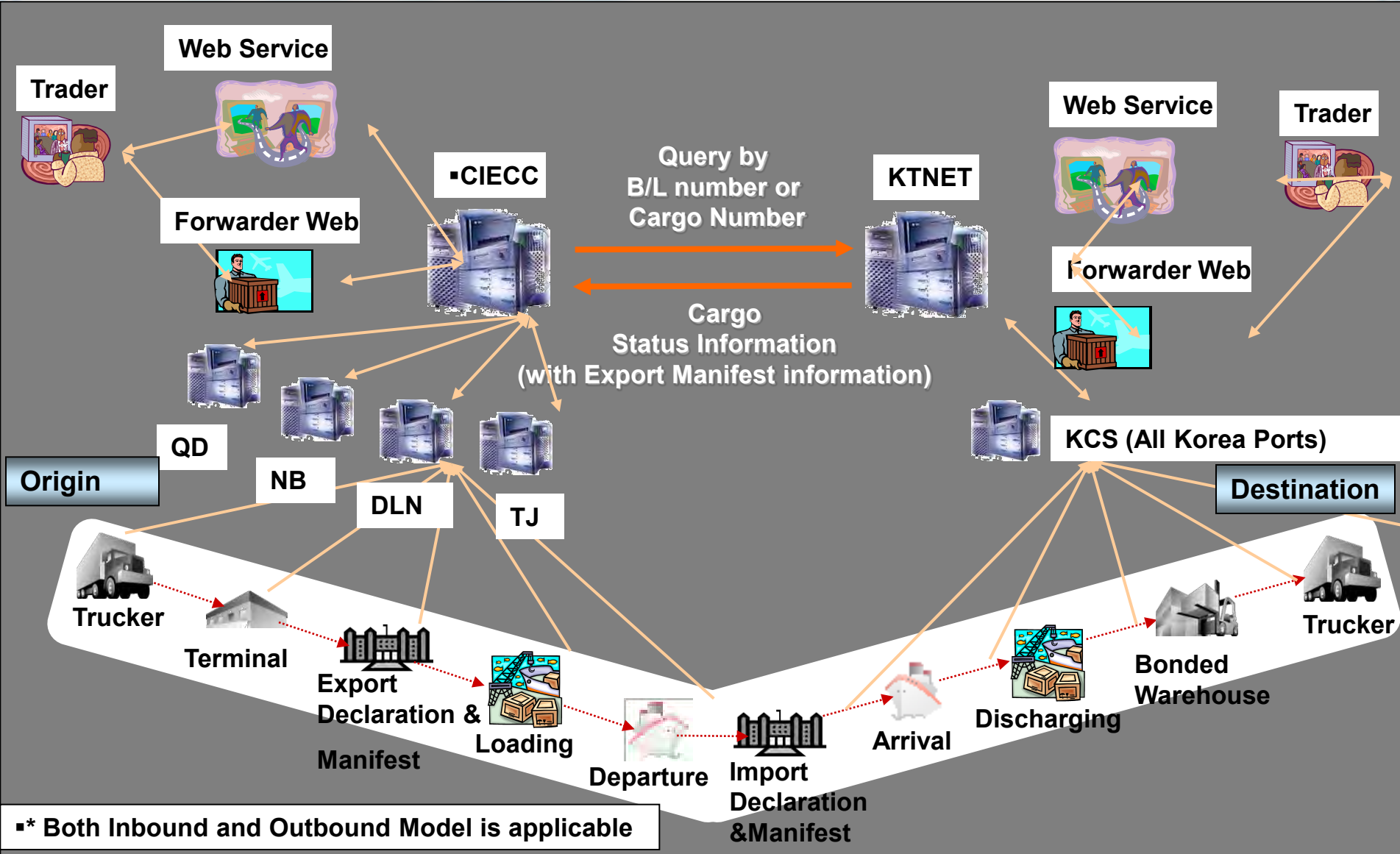
- How do you start?
 - Readiness of domestic **ECO application system**
 - Readiness of digital signature law and PKI technology for secure data transmission
 - Secure exchange network and **PKI mutual recognition** framework to assure the authenticity of the electronic documents
 - **Domestic government's acceptance** of digitally signed electronic documents
 - Online ECO repository for inquiry and data validation if necessary

Case Study 4

Cargo Visibility

PAA Cargo Visibility Service

Example of Korea-China Cargo Tracking



Conclusion

- PAA, the first regional alliance of service providers facilitating paperless trade, customs and logistics
- PAA is serving 260,000 organizations, representing almost all active trading enterprises in the Asian market
- Welcome to visit us at www.paa.net



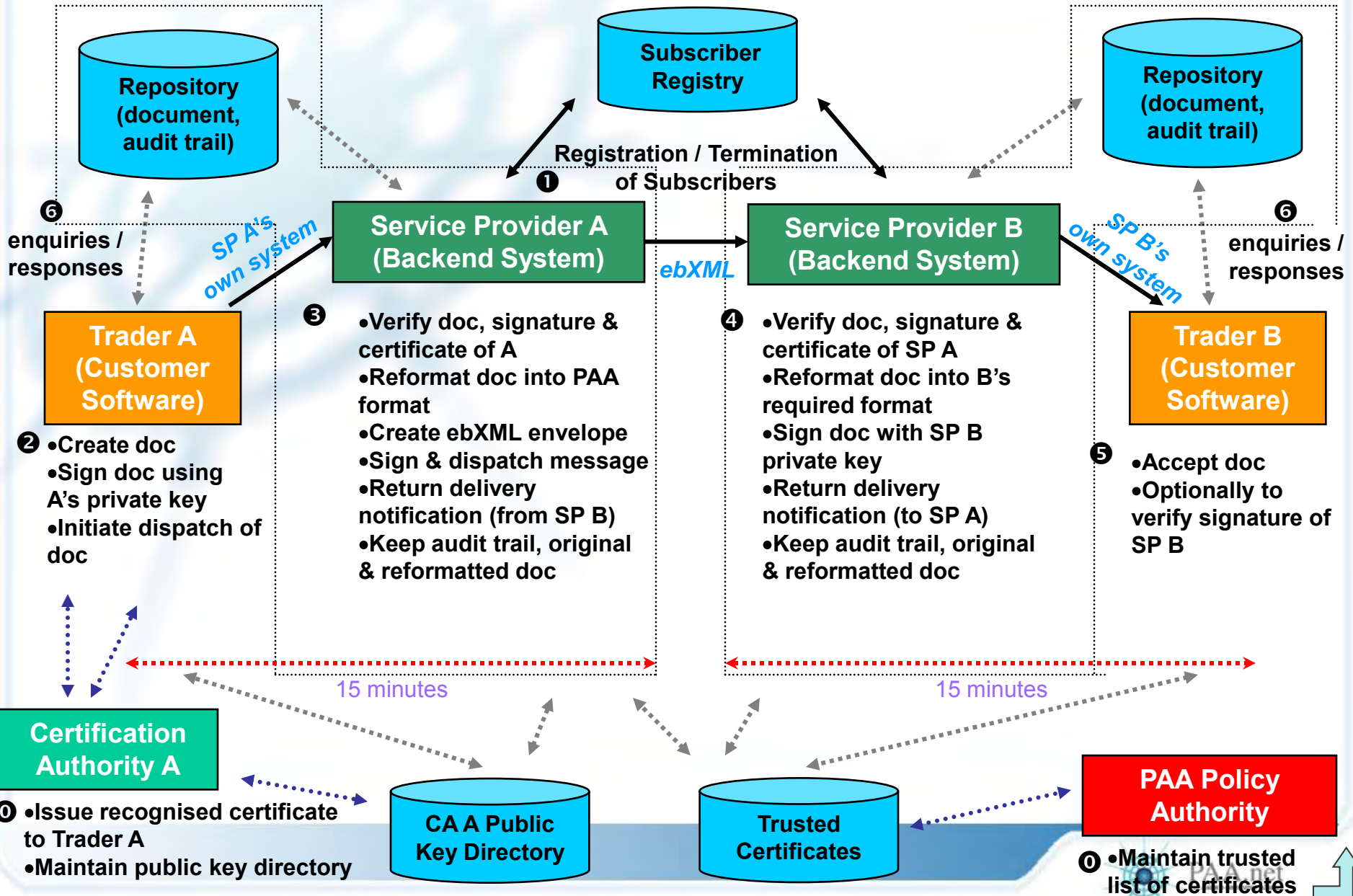
Thank You!

Comment?

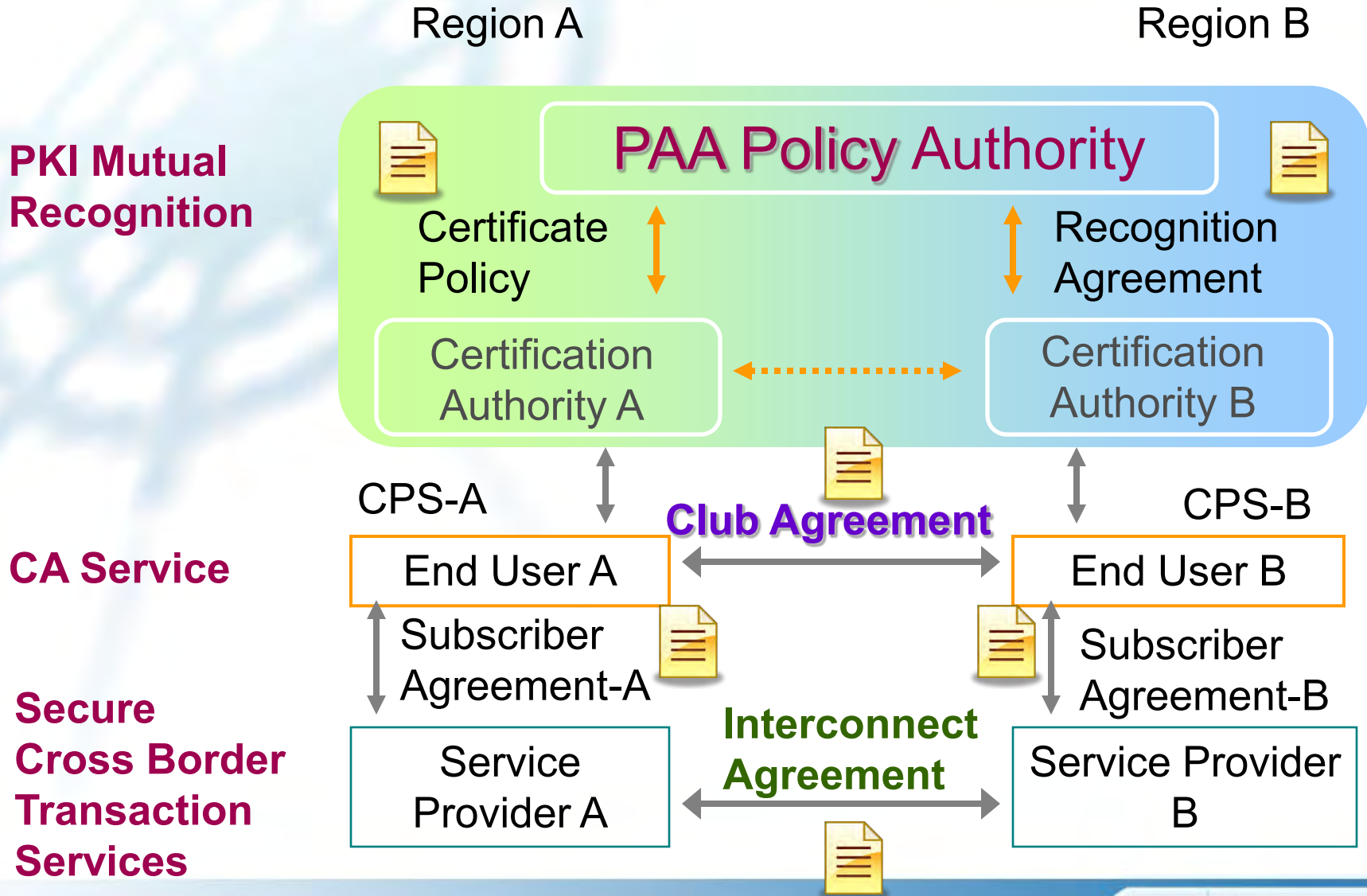
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PAA Transaction Services Operation



PAA Legal Framework



PKI Mutual Recognition

Pan Asian Certificate Policy Authority

