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Digitizing Global Trade with Maersk and IBM

January 16, 2018 | Written by: [Michael White](#)

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Since this post was published, A.P. Moller-Maersk and IBM have announced the creation of TradeLens companies to apply blockchain to the global supply chain. For more information, please go to [www.tradeLens.com](#) and the [TradeLens LinkedIn page](#).

A global trade platform using blockchain technology improving the cost of transportation, lack of visibility with paper-based processes.

For more information:

Check out TradeLens

A new blockchain platform

In January 2018, Maersk and IBM announced the intention to establish a new blockchain platform to provide more efficient and secure methods for conducting global trade using blockchain technology. The new company aims at bringing the industry together on an open blockchain platform that offers a suite of digital products and integration services.

The platform is currently being tested by a number of selected partners who all have interest in developing smarter processes for trade. As we incorporate learnings and continue to expand the network, a fully open platform whereby all players in the [global supply chain](#) can participate and extract value is expected to become available.

Industry challenges

The cost of global trade is estimated at \$1.8 trillion annually¹ with potential savings from more efficient process of ~10 percent. The cost and size of the world's trading ecosystems continues to grow in complexity.





More than **\$4 trillion** in goods are shipped each year



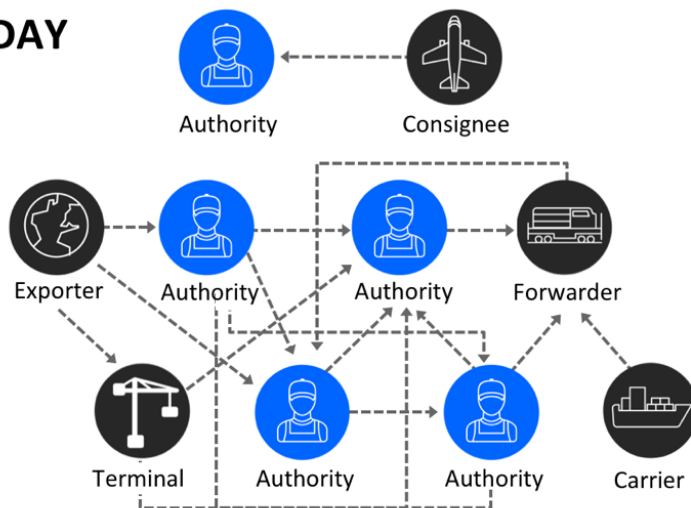
80% of the goods consumers use daily are carried by the ocean shipping industry



By reducing barriers within the international supply chain, global trade could increase by nearly **15%**, boosting economies and creating jobs²

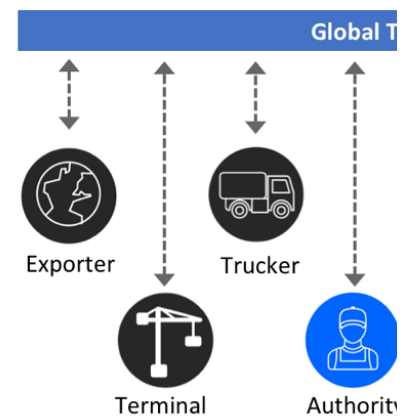
The case for a better way

TODAY



- Inconsistent information across organizational boundaries and “blind spots” throughout the supply chain hinder the efficient flow of goods
- Complex, cumbersome, and costly peer-to-peer messaging
- Manual, time-consuming, paper-based processes
- Risk assessments often lack sufficient information; clearance processes subject to fraud
- The administrative cost of handling a container shipment is comparable to the cost of the actual physical transport

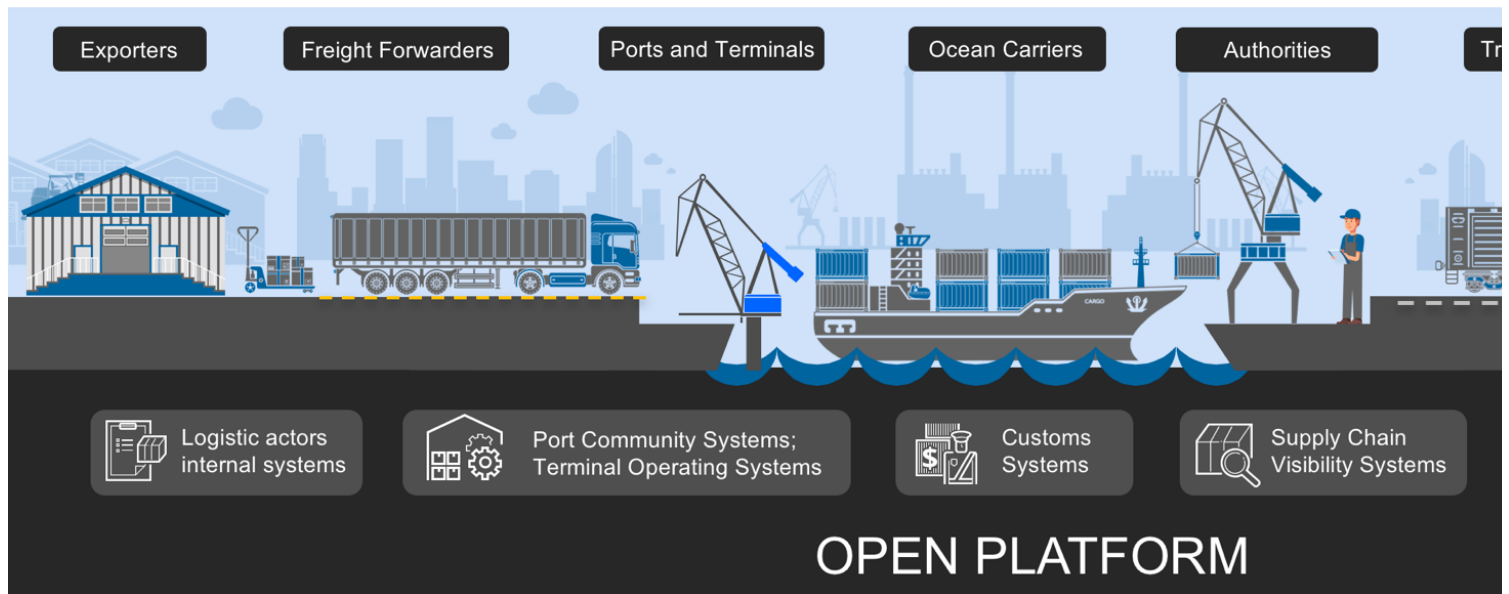
FUTURE



- Fast, secure access to end-to-end of the truth
- Verifiable authenticity and integrity
- Trusted cross-organizational workflows
- Better risk assessments and fraud detection
- Far lower administrative expense per physical paper across international trade

About the platform

It is about reducing global trade barriers and increasing efficiency across international supply chain platform for containerized shipping — connecting the entire supply chain ecosystem.



The platform is being built on an open technology stack and is underpinned by blockchain technology. The platform's launch will address current visibility and documentation challenges.

A shipping information pipeline

Provide end-to-end supply chain visibility that enables all actors involved in a global shipping transaction to exchange shipment events in real time.

Paperless trade

Digitize and automate paperwork filings for the import and export of goods by enabling end users to approve documents across national and organizational boundaries.

Potential benefits using the platform

The objective of the platform is to connect and provide benefits to the supply chain ecosystem. A g

shipping corridors linking the ports and terminals, customs authorities, shipping lines, third-party transportation, shippers and other actors, all together.

	Ports and Terminals	Provide information about the disposition of shipments within the boundaries of Benefit from pre-built connections to shipping lines and other actors, end-to-end and real-time access to more information to enrich port collaboration and improve
	Ocean Carriers	Provide information about the disposition of shipments across the ocean leg Benefit from pre-built connections to customers and ports / terminals around the end-to-end supply chain events
	Customs Authorities	Provide information about the export and import clearance status for shipments Benefit from more informed risk assessments, better information sharing, less risk connections to national single window platforms
	Freight Forwarders / 3PL	Provide the transportation plan, inland transportation events, information on intermodal Benefit from pre-built connections to the ecosystem, improved tools for customer and real-time access to the end-to-end supply chain data to improve effectiveness
	Intermodal Transport	Provide information on the disposition of shipments carried on trucks, rail, barge Benefit from improved planning and utilization of assets (e.g., less queuing) given supply chain events for shipments
	Shippers	Engage with the solution as a consumer of the shipping information events and Benefit from a streamlined and improved supply chain allowing for greater predictability, full transparency to validate fees and surcharges, and less safety stock inventory

Organizations already participating

Since the collaboration started in June 2016, multiple parties have piloted the platform including Port Houston, Rotterdam Port Community System Portbase, the Customs Administration of the Netherlands, and the U.S. Coast Guard.

A broader group of global corporations have already expressed interest in the capabilities and are using the platform, including General Motors and Procter and Gamble to streamline the complex supply chain and to provide improved customer services including customs clearance brokerage.

Additional customs and government authorities, including Singapore Customs and Peruvian Customs, are using the platform to facilitate trade flows and enhance supply chain security. The global terminal operator, PSA International will use the platform to enrich port collaboration and improve terminal planning. With the U.S. Customs and Border Protection and the U.S. Food and Drug Administration's Food Inspection and Quarantine Bureau by connecting to its Global Quality Traceability System for import and export, it can also link users to important trade corridors in and out of China.

For more information

Check out TradeLens

- 1) Maersk Strategy Group (May 19, 2016) based on World Bank data for World Trade Costs
- 2) The World Economic Forum: Enabling Trade Valuing Growth Opportunities 2013



Michael White

Head, TradeLens at Maersk

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The way forward: hybrid networks powered by IBM Blockchain CasperLabs at Davos 2022

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