

ACITI Realising Paperless Trade Webinar Series Outcomes- 2023

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What is business calling for as outcomes from efforts to simplify international trade in Australia?

1. Adopt international standards that are readily available – such as:
 - a. The ICC Digital Standards Initiative consolidates the many documents and standards.
 - b. WC3
 - c. Peppol
 - d. UNCEFACT recommendations
2. Apply an “ecosystem of trust” approach to facilitate trade
 - a. Use trust anchors, tokenisation and verifiable credentials to support this.
 - b. Adopt trust based assurance models
 - c. Embrace trust systems from other sectors like finance.
 - d. Contextual decision intelligence will assist advanced approaches to identifying “good” and “bad” actors and trades.
3. Embrace automated services to reduce duplication of efforts, reduce administrative burden and opportunities for criminal behaviour.
 - a. Automated systems and processes including embrace of AI and other appropriate technologies.
 - b. Eg HS code translation from GTIN
 - c. Align compliance requirements with the “natural business” data and processes used in the commercial sector.
 - d. Combine financial transaction information with trade and goods data for a complete picture of the supply chain and contextual decision making.
4. In line with our trading partners, create the legislative framework to support 21st century digital trade holistically across international supply chains.
 - a. Reform the Customs Act (or create a new one) and associated legislation (eg tariff Act etc)
 - b. Ensure commitments in international treaties and agreements are mirrored domestically.
 - c. Interoperability at global scale is key. Ensure technology neutrality in all trade related legislation.
 - d. Adopt the Model law on electronically transferable records.
 - i. Provide legal certainty with a precedent legal case in the courts.
 - e. Embrace technology neutrality and enable data rather than “reporting” to satisfy compliance obligations.
5. Often systems and approaches to improve trade facilitation have already been developed elsewhere and are readily available at low cost. Government needs to work in a true partnership with the international private sector and not develop unique “Australian” systems. Partners should include:
 - a. Financial sector
 - b. Commercial traders and service providers
 - c. Technology providers and protocols such as JSON LD and W3C.
 - d. Standards development bodies
 - e. Other dominant trading and security partners like the Five Eyes members

6. PPP models will assist faster and more commercially relevant approaches. Significant mutual benefits will flow from effective collaboration to stamp out criminal behaviour.
 - a. The financial sector should be a key partner, as they
 - i. Already have vision on the whole supply chain related to the financial components of international trade and “good” and “bad” actor lists.
 - ii. Already invest heavily in know your customer / know your supply chain systems including contextual decision intelligence.
 - iii. Already have significant regulatory requirements related to mitigating crime at national and global scale.
7. Australia needs to work in concert and partnership with our key trading and security partners.
 - a. US Customs and Border Protection are looking to develop a revolutionary system of interoperability based around verifiable credentials and trust frameworks, along with the UK and other [Five Eyes](#) partner nations.
 - b. Opportunity to create “real time, all the time” fully interoperable approaches to risk management across supply chains.
 - c. Other nations like Singapore and the UK are increasingly trailing and adopting advanced technologies and approaches to trade in the 21st century.
8. Culture, training and education are key.
 - a. Across staff of agencies and private sector
9. Data privacy and protection are possible and essential.
 - a. Use of data vaults is available and growing
 - b. Use of registries that assist to support and reinforce transparent and authenticated actors and transactions will assist to support legitimate trade and stamp out illicit activities.
 - c. Verifiable credentials support the use of data where it is located rather than constantly sought and replicated.
 - d. Contextual decision intelligence also embraces the use of unstructured public information to increase the richness of data about any actor or trade.
10. Leverage the empowerment of consumers who are increasingly demanding verified information about the products they buy and who and where they come from, along with the systems used to produce the goods.
11. Entity resolution enables a single view of the trade and trader and can significantly clarify the landscape of incorrect or obscured trader / trade information.
12. Business is constantly changing their processes responding to economic conditions, M&A activity, business failures, modernisation in logistics, counterparty economy reforms, etc. All these result in increased efficiency and so reporting in the supply chain is constantly under threat of change or entire removal. This demonstrates that businesses constantly cope with change and will do so if there was domestic legislative or technological reform in Australia.

Appendix

WEBINAR 1 – Paperless trade and the UN, what is Australia missing?

Presenter: Ian Watt, NextTrade

Key take aways for me from the presentation and discussion were:

- The Australian private sector is very active in multilateral standards and protocol development within the UN trade facilitation initiatives. They undertake this work voluntarily under the auspices of DFAT committee membership.
- Standards and protocols developed within the UN system are subject to significant peer review and then finally approved by the member states including Australia.
- Agreed standards and protocols are ready for use in Australia and support interoperability with other UN member state systems.
- The work of the UN system is not widely known or understood and not yet part of the NTCF agenda.

The Taiwan example:

- demonstrates that smart city approaches complement trade modernisation and the systems needed to be interoperable with trading partners. I.e the process for logistics and transport can commence with automated picking at the manufacturing site and then all the way along the supply chain.
 - Government investment requirements can be significantly reduced by Government managing and adopting global standards and leaving / encouraging / supporting financially innovation from the private sector for deployment. This promotes a competitive environment for innovation rather than Government trying to “build” things. PPP models can work well. Private sector partnership is essential.
 - Taiwan is working with a range of trading partners on innovation in supply chains and compliance and would be delighted to work with Australia in a sandbox approach to innovation.
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WEBINAR 2- The role of Verifiable Credentials in international trade

Presenter: Steve Capell, GoSource

Key takeaways for me were:

- Standards and protocols on verifiable credentials (VC) are already agreed within the UNCEFACT
- Technology similar to VC has been widely adopted in COVID certificates and wallets, along with other examples like drivers' licences, etc.
- VCs link into trust graphs via Decentralised identifiers which are self-issued and can work in conjunction with myGovID (or RealMe in NZ or SingPass in Singapore, etc).
- Singapore, EU, Canada and other nations are adopting this approach rapidly.
- Australia has developments underway in sectors like meat, steel, critical mineral supply chains and fashion and textiles.
- Any "trust anchor" body issuing documents, invoices, product conformity statements or certificates, etc can adopt this technology now at low cost with widely available open source, off the shelf, technology and enterprise wallets.
- Government "trust anchors" will add greater value without any changes to existing business processes. This would be a great thing for ASIC and ATO to be doing.
- VC bridges the gap between technological maturity of separate players across international supply chains and issuing and receiving parties. ie it can cope with both paper and electronic document exchange in the same transaction.
- Release of information is in the hands of the holder / owner who then controls who can see what.
- It assists to create an environment of trust which may also have the benefit of reducing fraudulent activities.
- It is scalable because it is decentralised.
- Governments have the opportunity to now go beyond personal identity and also issue business identification using VCs which satisfy know your customer requirements.
- VC's could assist in unlocking unrealised international trade finance of over \$1.7 trillion globally.
- Verified credentials could mean that we could consider a move to decentralised compliance for trade clearance across international supply chains and avoid the need for single agency / national systems = faster and cheaper approaches.
- MLETR and UNCITRAL rules can be deployed using VC and non-fungible token technology where ownership of title transfers with the documents.

WEBINAR 3- Automation of HS code classification from bar

Presenter, Peter Carter, GS1

Key points from the conversation for me were:

- Barcodes and associated product registries include accurate information about the company, production locations and detailed products descriptions and images.
 - Efforts to align and automate HS code classification and bar code information originated in the US many years ago. Canada, China, NZ and nations across Africa and the Middle East and Europe also have active programmes of investigation and implementation of such systems.
 - China has perhaps the most advanced approach and demonstrated improved revenue collection and use in anomaly detection
 - NZ has successfully used this approach to support simplified import and export declarations
 - Australian firms with supply chains into China and NZ etc already use this system
 - The processes of Government agencies, and traders lodging import or export declarations, is at worst BAU and has the opportunity for significant productivity improvement related to the classification process and enhanced targeting capacity.
 - Automating tariff classification processes draws upon the “natural business data” used by millions of firms with many millions of products at the global scale. This data rich environment opens up the potential for improved Customs interventions and trade simplification.
 - APIs and the broader systems are already available and can be embraced by border regulators at low to no cost today.
 - China has expressed interest in working with supply chain partner nations to develop and expand “Knowledge graph” approaches.
 - The EU uses this system for voluntary declarations in the e-commerce stream and is considering the inclusion of other “values based” attributes
 - Barcodes are evolving into square or QR codes that enable greater data availability
 - Natural business data is “self-cleaning” because commercial businesses rely upon it for payments and accurate operational systems
 - Commercial data is shared across international supply chains on a daily basis now via barcodes.
 - GS1 is very keen to see the development of additional local research into these systems and is a willing partner for any regulatory sandbox approaches in Australia.
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WEBINAR 4 – Customs Act reform opportunities

Presenter: Andrew Hudson, Rigby Cooke Lawyers

Key points I took from the (lengthy) presentation and conversation were:

- Legislative reform is possible – reference biosecurity Act reforms, NZ Customs Act, etc
 - Customs Act 1901 deals with the 19th, 20th and 21st century – trying to do too much.
 - Deals with controls of movement of vessels, aircraft and goods.
 - Needs to operate in conjunction with the Excise Act and the Customs tariff Act
 - All need to be amended for each FTA
 - Underlying principle act isn't fit for purpose in the 21st century
 - Other nations legislate to support single window development and simplified trade approaches
 - EU and other nations appear to be quite dramatically changing their approach to customs in response to changing commercial and global supply chain requirements which could be considered in Australia
 - Facilitating trade while continuing to deal with crime and societal harms
 - Best practice legislation requires it to be clear and easily understood and complied with – this is not the case of the Customs Act 1901
 - The Customs Act doesn't support a "tell us once" approach nor implementation of a single window.
 - The recent passage of the Regulatory sandbox legislation acknowledges that the existing legislation doesn't assist to contemplate innovative approaches needed for modern trade.
 - "owner" under the customs Act doesn't align with the requirements of an "importer" for GST purposes.
 - Massive liability and uncertainty issues under the current Customs Act inhibit traders considering international trade, as well as people wanting to become licenced customs brokers.
 - Customs Act doesn't allow for anti-dumping advice or payment under protect
 - Large error rates in declarations exist now. Earlier reforms to improve error rates have not worked.
 - Data sharing between border agencies isn't supported by the Customs Act
 - Piecemeal approaches and reforms to current legislation risk increasing the complexity for traders rather than an approach of a single new act to support a single window and simplified trade with a dedicated new piece of legislation and a dedicated trade facilitation office / agency, not part of current agencies.
 - Use an omnibus piece of legislation to support reforms.
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- The UK electronic trade documents Act 2023 supports greatly improved exchange and transmission of trade title documents etc. Australia doesn't have this. Opportunity for a quick win.
- Self-assessed clearance reform opportunity as technology has improved to overcome revenue leakage and inconsistent approaches that incentivise e-commerce over traditional trade pathways.
 - Illicit trade mitigation outcomes too
 - System 20 years old and probably not achieving what it was designed for.
- Look to international jurisdictions for inspiration and cooperation / interoperability
 - Eg -Global business identifier developing in the US and could be considered in Australia
- Reform opportunities: Consolidate monitoring and administration functions and powers of agencies and leave law enforcement in suitable agencies
 - Eg multiple fit and proper person approaches
- Remove "nuisance" tariffs – cost more to collect than is recovered
 - FTA's only remove tariff burden to those that qualify
 - Leave anti-dumping in place
 - Currently causes a lot of litigation for industry
- Current system inhibits new traders, especially MSMEs.
 - Lack of knowledge
 - Can't spend the time searching for things they are not aware of in the complexity
 - High risk if traders get things wrong
 - Need a regulatory portal or information system (Trade information system is good in principle but need to be comprehensive)
- Regulation as code and AI would assist to deal with the current complexity
 - But also needs to be used ethically.
 - Who audits the AI auditor?
 - Industry is experimenting with this now (but it also has serious limitations)
 - Careful and considered use of AI could assist agencies to identify the 20% of traders that are making mistakes or are non-compliant more easily.

WEBINAR 5- the UK experience in adopting the model Law on Electronically Transferable Records

Presenter: Nick Davies, Director of the ICCUK Centre for Digital Trade and Innovation (C4DTI)

Key take aways for me were:

- UK have now passed the Electronic Trade Documents Act based on the UNCITRAL Model law on electronically transferable records
 - It changes the practice for documents that have been in place for up to hundreds of years.
 - It took 5 years to design and implement.
 - UK didn't accept the MLETR "safe harbour" provisions
 - UK law is technology neutral.
- Applies to commercial contracts governed by English Law irrespective of location.
 - 60% of global trade covered
- Other nations are rapidly adopting MLETR
- Australian firms are already using this system (iron ore, oil, wine, etc)
- Very short Act – 3 pages.
- UK test case being considered to establish legal precedent in the Courts
- Allows for document chains that include both digital and paper forms
- There are implications for a wide range of title documents including land and financial assets and developing digital assets.
- Electronically transferable records require a "reliable system". While not defined, "matters to be considered" for a reliable system have been described.
 - Based on industry standards or voluntary schemes (all well-established)
 - C4DTI is developing a "voluntary scheme" and a register of reliable systems (open and public) over the next 12 months
 - Aligned with standards bodies
- Significant benefits for business anticipated and estimated
- Awareness in the business community is current low and so there is a need for communications about the new law and what it offers. "Queen Bee" approaches may be useful to bring companies and supplies along.
- Companies that have used the new systems have realised significant benefits (as high as 15% more profitable and serious reduction in time requirements)

- Pilots undertaken with Wine Australia already
- Business may have legacy systems (can be complex) which are hard to change quickly.
- Many SMEs have limitations that constrain their adoption of digital trade approaches.
- C4DTI is establishing a “Corporate Digital taskforce” to assist with awareness raising
- Tokenisation of uniqueness related to title, goods and financial aspects is a critical game changer
 - Major improvement in transparency in supply chains and ESG compliance available
 - Need a mindset change to accept that lines of code can satisfy legal things
- Can use digital ledger systems, but doesn’t need to.
- Lesson: Government needs to engage with industry as early as possible in developing MLETR consistent legislation and its implications
 - Ideally bring in large corporate early to give them a long runway to make appropriate investments and system changes.
- MLETR could be adopted via reform of existing Acts, but it risks confusing the aim and increasing complexity in the legislative adoption process.
 - There is merit in following the UK experience of a standalone law.
- Australian firms are engaged in the UK efforts (Reducing friction in trade – Australian wine to the UK case study 4 years ago)
- Australia and the UK have a Digital Economy Agreement which can be built upon
 - The motorway has been created, now need the cars to travel on it
- C4TI have already spoken to DFAT, STS and the British High Commission on proposed pilots on meat, wine and critical minerals.
 - More pilots welcomed including Singapore and Rotterdam
- Digital trade advancement is a “team sport” – needs goods, logistics, finance, insurers, Government authorities, etc to all be working together based on a “minimum viable digital ecosystem”
- Working with Singapore [Trade Trust](#) on interoperability
- C4DTI would be keen to develop a partnership of early use cases across supply chains and trade partners including Australia

Useful links

[For Policymakers | The ICC Digital Standards Initiative \(iccwbo.org\)](#)

[MLETR tracker](#)

[Electronic bills of lading - The International Group of P&I Clubs \(igpandi.org\)](#)

[21st Century Frictionless Trade: The UK can lead but govt. must act. - Lord Holmes of Richmond MBE \(lordchrisholmes.com\)](#)

<https://www.gov.uk/government/publications/uk-single-trade-window-discussion-paper/uk-single-trade-window-policy-discussion-paper>

<https://www.gov.uk/government/news/dit-removes-20-more-trade-barriers-to-unlock-major-markets-for-british-business>

WEBINAR 6- An introduction to the ICC Digital Standards Initiative.

Presenter: Pamela Mar, ICC DSI

Key takeaway points for me were:

Presentation:

- The [Digital Standards initiative](#) is a joint venture between ADB, Singapore Government, ICC plus WTO and WCO.
- If digital is the answer, what is the problem? Trade is still in the analogue age.
- We live in an age where digital IDs are available, , data is available, tokenisation and AI are developing, etc, but trade in goods still relies heavily on documents (paper and PDF)
- Corporate systems operate on data and ERP systems now. But they are forced to generate PDF documents to get across borders = going backwards re regulatory compliance.
- Humans are not good at checking things.
- Paper systems are prone to fraud.
- The current system is not environmentally friendly. UNESCAP has assessed that a single supply chain going paperless is equivalent to the carbon capture of 1.5 trees – and there are millions of global supply chains each year means huge scope for environmental outcomes from digital processes.
- The DSI vision for digital trade is for documents to data at scale with trust.
 - Use of existing standards – need to converge the available standards, not create more.
- DSI is
 - developing a baseline of standards that are agreed across current standards developers
 - creating a [trust based](#) system assurance model
 - advocating for policy and legal reforms to support digital supply chains – MLETR
 - Without legal frameworks in each nation, business is forced to use paper.
 - making capacity building tools available to support business and policy makers.
- DSI [Key trade documents and data elements](#) practice is investigating what data and documents are being used across supply chains. Validated with business and trading platforms.
 - Ian Watt is involved in the DSI KTDDE from Australia
 - Based on data elements accepted by global bodies
 - 1st 7 documents done earlier in 2023
 - 2nd batch of 14 documents to be launched on Nov 8, 2023

- 3rd batch of 16 documents being analysed now.
 - It takes time for business to adopt new standards or definitions. Often SMEs can adopt more quickly than large business.
 - If secure data sets are available to banks, then banks will be able to better support international trade finance, especially for SMEs. Key insights from this work reveal:
 - Data granularity is key
 - Sectoral and contextual variability needs to be considered
 - Data – document integration enhanced efficiency and compliance
 - Adoption of standardisation will enable better solutions for individual constituents.
 - Simpler data requirements reduce compliance burdens.
 - Especially in developing nations bandwidth and availability of digital system is more limited
 - There is no perfect place to start – just start. Need to start from a single point and then work outwards (such as bills of lading)
 - Make a commitment such as joining the “Declaration of the electronic bills of lading” developed by the [Future of International Trade](#) (FIT) Alliance.
 - DSI has a legal reform advisory board to support adoption of the MLETR
 - G7, G20, APEC, ASEAN, have all supported.
 - ICC networks assisting at individual national levels.
 - Seeking 80-90% of global trade to be covered by 2026
 - Training available for civil servants – could be delivered in Australia if desired.
 - DSI has developed a [Global Trade Modernisation index](#)
 - Australia ranked 19/68 nations
 - Behind Malaysia, Taiwan and Sth Korea and NZ
 - But ahead of Portugal and Italy
 - Weakness is in digital, trade and logistics infrastructure, business readiness, human capital availability (STEM graduates)
 - The index assists nations to identify where actions can be taken
 - DSI has courses available to support improved outcomes
 - Happy to deliver in Australia if there is a willing partner.
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Discussion:

- How to encourage engagement of the public sector?
 - Ministers always support digitalisation, but it can be hard for the agencies to adopt and adapt.
 - Needs capacity building to support change across often 20-30 agencies
 - Need a roadmap for reform
 - Need details of how much trade will expand when digital systems are engaged – especially in developed nations
 - And at a timescale relevant to existing Ministers / Government
 - Paperless trade increases the potential for SMEs to trade internationally and expand into multiple markets.
 - SMEs provide most jobs and growth in economies. Paperless trade is the single largest thing Governments can do to assist economic development and success.
 - [MLETR toolkit](#) contains case studies of the benefits of reform.
 - Australia is a perfect country to easily get on board with digital trade.
 - Capability already exists
 - Already digitally native
 - Concentrated export profile
 - Government revenue increases when we digitise – should be of interest to the Treasury
 - DSI isn't focussed on engaging with national Governments unless it is driven by the local commercial sector.
 - ICC network on the ground
 - DSI can share information about how other Governments have undertaken reforms
 - Eg ICC in UK, France and Germany are sharing experiences on how they are adopting MLETR and tax / customs reforms.
 - Accepting international digital standards is a start.
 - Industry can drive this – most of the documents are actually commercial documents. Demonstrate to Government this works.
 - Singapore is a leader because they are not waiting for other Governments to advance.
 - ASEAN has been a major beneficiary of Singapore leadership.
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- Singapore only has people and trade as its resources and so needs to be a leader to ensure its competitiveness and attractiveness to global supply chains
 - Its cant afford to live off the “fat of the land”
 - Need to align Government regulatory compliance with the “natural” process of the commercial sector.
 - It’s a lot easier to make the case for exports than imports, but both are important.
 - Digitalisation is about levelling the playing field. If all can trade globally that is a huge growth driver for all.
 - DSI isn’t dealing a lot with privacy laws because data shared in supply chains is only on a permissioned basis now.
 - Data needs to shared securely
 - Data need to be tagged
 - Data providers need to be clearly identified
 - A key problem with paper based systems is the lack of identification. Digital solves this problem.
 - What actions should local business communities take?
 - Educate your people – DSI courses, etc.
 - Government support can assist uptake of training 9Singapore provides a lot of support to business)
 - Consider signing up to international commitments (eg e-bills of lading or invoices) which then sets an incentive to action.
 - Advocate to Government re MLETR
 - Once we have natural business data available a lot can be done with it in both the commercial and public sectors – interoperability becomes possible.
 - The [Commonwealth](#) has a Digital working group under development
 - Commitment to grow trade across the Commonwealth
 - Has tools available and support programmes for member nations.
 - There is no current DSI programme in Australia at present, although they have been approached by organisations from time to time. Happy to discuss further offline
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WEBINAR 7- Electronic Trade Documents in Practice

Presenters: Gunnar Collin and Ulf Eggefors from Enigio, Stockholm

Key points from the discussion were for me:

- “If you don’t know the solution exists, you won’t ask for it”.
 - Easy to implement digital solutions are now available and this is further assisted by [MLETR](#).
- Barriers for replacing paper in global trade include:
 - Regulations – Model law on Electronically Transferable Recorded needed to overcome this
 - Industry practice – plenty of paper still used
 - Interoperability – how to be digital with everyone?
 - Data integrity – need to be able to share data with integrity and adhering to privacy laws
- All of these barriers need to be addressed in order to effectively embrace digital trade.
- The MLETR doesn’t supersede existing laws, it assists to ensure adherence to current laws can be undertaken in an electronic form.
- Implementing MLETR requires engagement with the private sector at the earliest stage
- [ICC Digital Standards Initiative](#) work on Key Document and data Elements (KTDDE) is an excellent collation of documentary requirements across supply chains and the potential to develop APIs.
- Paper documents are already a standard that has a history across centuries. The issue is not to bring this into the digital age.
- **Enigio’s Trace Original** solution brings papers documents into the digital age.
 - Any standards can be used
 - One document owner, one document, many uses
 - Low cost system available now and work with existing business practices
 - Accepts any type of electronic signatures
 - Captures both the identity and the intent of the decision maker
 - Can be additionally endorsed
 - Protects business and personal data outside of the document
 - Cryptographically sealed documents
 - Key pair process to ensure document integrity.

- Document versions and keys held on a distributed ledger (not the data of the document itself)
- Trace original is already in use in the UK, Europe, India and elsewhere
 - Pilots operating in Latin America and West Africa. India already accepts digital documents
 - Example showed use of these documents reduced the time taken from 9 days to 1 day.
 - Reduced courier costs, increased security, lowered fraud risk and lowered environmental impacts.
- Current paper-based trade systems have low integrity. Trace original features:
 - Human readable form
 - Machine readable form
 - Can include attachments
 - Executed using electronic signatures and seals
 - Immutable, verifiable and fraud protected via blockchain.
- Digital documents become assets
- System can be used for all types of documents
 - Trade, finance, title, educations certificates, logistics systems, etc.
- Digital documents have ESG benefits assisting the meet UN SDG goals.
 - reduced carbon footprint
 - SME growth and prosperity
 - Innovation and infrastructure
- Current historic paper-based data business process systems can remain in place.
- Digital implementation needs to be led by large commercial traders and carriers to demonstrate the benefits to the wider community.
- Trace original isn't a platform solution
 - It only creates documents
 - The system doesn't hold the original data
 - The users control security factors
 - Corporate seals and signatures



- Electronic signatures can be used including different levels of security as required
- The “authority” of the person is also a developing feature (quite advanced in Sweden)
- Paper doesn’t provide good assurance now.
- Laws need to recognise documents in digital forms. About 70% of global trade operates under English law.
 - ICC has [eUCP](#) frameworks which also assist
- Agencies can use this system today as it can be both machine readable and human readable.
- Ocean freight shippers are pushing ports to adopt digital systems
- It would assist firms like Enigio if Australia adopted the same things the UK is adopting – eg MLETR
 - But there is no restriction on using this system now if the commercial sector uses UK law as the base for contracts.
 - Non-title commercial documents can use this system easily now
- ICC national bodies are actively supporting digitalisation of supply chains and working with regulators in each nation which is providing momentum to digital trade reforms.
 - Corporates and trade associations need to get on board as early as they can.

Reference websites:

[trace:original - Enigio](#)

Free document notary verification site [traceoriginal.com](#)

WEBINAR 8: Who pays for trade simplification

Presenter: Paul Zalaj, FTA and APSA

Key points for me were:

Presentation:

- Cost recovery was first introduced in the 1996-7 Federal Budget. Prior to that border activities of agencies were fully funded by the Government.
 - Applied only to imports
 - Subsequent reforms aligned air and sea cargo and encouraged electronic reporting
 - 2023 budget announcement that DAFF can recover costs on low value goods
 - No information about how this will be implemented
 - Customs activities not included (yet)
 - Biosecurity levy – scrapped concept in 2019
 - Concept discussed again in Senate estimates again in 2023 – watch this space
 - Key recommendations made to STS:
 - Need confidence that the STS is a long term agenda and there will be a permanent body to deal with trade simplification
 - Need to provide industry with an agreed plan for the future
 - Implement incrementally not a “big bang” disruptive implementation - unlike ICS implementation.
 - Need a clear articulation of what reforms the Government is considering
 - Develop and implement a preload cargo reporting system similar to that implemented in trading partners (eg USA since 2011)
 - Industry already does this to comply with international trade requirements
 - Current ICS doesn’t have the capacity to administer a preload reporting model. But any new system should consider this.
 - The only way to implement 100% pre arrival risk management is to enforce a pre-load reporting model.
 - Repeal Part X of the Competition and Consumer Act 2010 related to shipping competition.
 - Still awaiting Government response to the PC review of [Australian Maritime Logistics System](#)
 - UNCTAD 2023 recommendations supporting strengthened competition on maritime transport
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- EU will allow current Consortia Block Exemption to expire in 2024, increasing competition.
- Australia has been party to a 5-eyes working group of competition authorities
- FTA / APSA have been advised that Part X will be considered within the context of a wider review of competition laws [outlined by the Australian treasurer](#) in August 2023
 - Paul thinks that it is worth watching the EU developments before making reforms in the near term.

Discussion:

- FTA / APSA focus is on physical logistics and seeking improvements to the process of getting shipments across international border and ports.
 - FTAs and other agreements are all fine but they don't help if you can't get your goods across the border efficiently
 - [PC review of Australia's maritime logistics system](#) contains some welcome recommendations that the Government should consider
 - Industry awaits the Government response
 - IR issues at ports are a serious problem which is having negative reputational and financial impacts
 - Terminal access charges are a huge cost on importers and exporters which is negatively impacting competitiveness of Australian importers and exporters
 - Lack of competition in both stevedoring and empty container park operating models adding more costs
 - Container detention fees also adding more costs in supply chains.
 - Detention of containers by agencies has flow on impacts where additional costs result from late return fees at container parks. (example given of \$2 million additional costs for one business*)
 - All these costs add to inflationary pressures felt by consumers in the Australian economy and impact our international competitiveness.
 - Fees and charges adversely impact low value, high volume imports and exports.
 - PC has reviewed stevedore charges and made welcome recommendations.
- Australia's global trade rankings have dropped dramatically over the past decade, but Government has the information to reverse this in its hands via the PC reviews and adopting what other nations do. "Heads would roll" if this were any other area of our economy.

- Industry wants Government to be transparent about what it is doing in trade reforms. Avoiding a “big bang” means creating alternate systems and testing them with business before implementing them, in parallel with existing systems while confidence is built, and new approaches are confirmed to be effective.
 - There are smarter ways to use available data from the supply chain – eg GS1 initiatives
 - Current biosecurity reporting system is pretty primitive. It can rely on a free text field for reporting which unnecessarily triggers risk profiles. Eg “Orange jumpers” and “nuts and bolts” trigger risk profiles in the biosecurity system for goods that are not necessarily posing biosecurity risks. A more sophisticated approach would better target actual risk products.
 - ICS is overloaded with messaging now. This could be alleviated. Large users now have “windows” for reporting to reduce the pressure on the system and this could be expanded, or in fact removed, and placed in a new system (maybe start with low value reporting for e-commerce and remove this from the ICS).
- Paul thought that trusted trader and registered importer and export system have merit, but benefits need to be apparent to industry.
 - “Certified” type systems have value (eg CPA)
 - “trusted trader” needs to become a brand of best practice.
 - Introducing a registered importer / exporter approach before actors can use the reporting system might alleviate a lot of piggy backing type activity in supply chains.
 - If importers had to pay the duty and GST directly (rather than via Customs Brokers, as it often is now) it would mean ABF then have bank account details for traders which would greatly assist with ID information and payments.
 - This could be implemented quickly and easily.
 - Foreign owned shipping lines administer the fees for container detentions and delays.
 - If delays are caused by the operating arrangements of the container parks, then fees shouldn’t be charged.
 - If the delays are caused because of the interventions of Government agencies, then efforts should be made to reduce the delays or remove the intervention entirely.
 - DAFF is working on initiatives like a “Simplified Targeting and Enhanced Processing System”, ([STEPS](#) – a modern digital system to improve the effectiveness and efficiency of biosecurity clearance in cargo pathways.) which is expected to be implemented along with other STS initiatives.
 - In the interim, DAFF should put out a notice as to the current status and when these cost reductions might be alleviated.



* Paul provided an example of a large agricultural business that imports produce to blend with local produce to make a final product. The delays in document assessment / inspections have in turn delayed the ability to receive, unload and return the empty containers to nominated facilities within times contracted with the shipping line. The firm encountered over \$2M in container detention charges administered by the shipping lines for the late return of the empty containers.

WEBINAR 9: The management of the risks associated with financial crime in trade, invoice, and supply chain finance.

Presenter: Mark Borton, Founder and Managing Director of Toreda Global Consulting,

Key points I took from the conversation were:

Presentation:

- Banks and the finance sector [are](#) highly aware of vectors for financial crime in international trade and invest heavily in mitigation strategies and technology to assist to manage these risks. Global investment in compliance management is estimated to be over US\$350 Billion annually, along with skills development.
- Crime in this context means the misuse of funds.
- The impacts of financial crime are far reaching but include not only financial impacts but also reputational risks to the institutions involved, along with their Directors. It may also result in financiers withdrawing services from the market.
- The presentation covered mainly fraud, money laundering and sanctions.
- Digital trade approaches can reduce the opportunity for criminal behaviour.
- Industry self regulates with a number of guides such as those produced by global bodies like:
 - The [Financial Action Task Force \(FATF\)](#) which is the global money laundering and terrorist financing watchdog.
 - The [Bankers Association for Finance and Trade \(BAFT\)](#) which is the leading global forum for bringing the financial community, its solution providers and stakeholders together to collaborate on defining best market practices that facilitate efficient delivery of trade and cash management products and service offerings for their clients.
 - The [Wolfsberg Group, ICC and BAFT Trade Finance Principles](#) which outline the standards for the control of financial crime risks (FCRs) associated with Trade Finance activities.
- Australia has a regulatory environment comparable with Hong Kong, Singapore and the UK (among others) but others are going further in their approaches which means Australia has room for improvement and could consider emulating initiatives such as:
 - UK "[Dear CEO letters](#)" which have attracted the attention of the financial sector globally and encouraged responses outside the UK jurisdiction.
 - [Trade finance registries](#) are developing in Singapore and the UK which assist to centralise information about the trade finance clients and transactions which increase visibility and reduce fraud opportunities.
 - Public Private Partnership (PPP) approaches joining the efforts of regulators and the commercial sector to stamp out criminal behaviour. (eg [Fintel alliance](#) in Australia)
- Risk management (for banks)

-
- Starts at the top. It's about culture.
 - Commercial entities operating in multiple jurisdictions will adopt the highest standard available.
 - Banks in practice seek due diligence information from customers and their supply chains covering:
 - Details of the customer and supply chain partners and operations
 - Details of the goods and service involved
 - Price monitoring across jurisdictions
 - Vessel screening and tracking
 - Adverse news
 - Technology and how it can assist
 - Base level – minimum approach to add value and reduce costs. Legal equivalency with [MLTER](#) is essential and urgent to facilitate the move from documents to data in the digital economy.
 - USA has not adopted MLETR as a law, but has amended the [Uniform Commercial Code](#) (UCC) to ensure consistency with MLETR.
 - Intermediate level – financial registries enable the application of analysis tools to assist with risk management.
 - Summit – “real time, all the time” fully interoperable approaches to risk management.
 - What is needed?
 - Public private partnerships are developing but we need to do more.
 - More cross border data sharing including digital IDs
 - Use of “secure vaults” to facilitate sharing of sensitive data.
 - Embrace price discovery tools (Singapore Networked trade platform can do this)
 - Adopt global data standards to embrace common reporting standards and interoperability
 - There can never be enough education and awareness training
 - Banks are essential partners at the forefront of compliance efforts but they work with the wider corporate sector and can assist to bring along SMEs too.
 - Bottom line
 - Embrace the technology – collaborations, technology and standardisation are essential.
-

Discussion:

- The data is the essential common component between the financial sector, goods transactions and compliance. The same data is used across all these channels and doesn't need to be duplicated.
 - The data needs to be available, it needs to be interoperable and it needs to be able to move across the supply chains.
 - The mining sector already is a leader in this.
 - Issues with digital maturity across supply chains of with mixed information in digital to paper requirements.
 - Australia has been a leader in e-invoicing and adoption of [PEPPOL](#) standards
 - Banks have lists of "good" or "bad" customers
 - This extends beyond the available lists of sanctioned entities that regulators might hold.
 - Secure registries would assist to overcome data sharing issues between financial providers and regulators. Need to be developed in ways consistent with privacy protections.
 - [Australian Financial Crime Exchange](#) appears to be another example of PPP approaches.
- Singapore is the world leader in international financial and trade related crime management.
 - Strong responsive decision making approach. Motivated by national economic reputation damage from earlier frauds involving Singapore.
 - Strong partnership with industry. Effective constructive partnerships about issues and designs for solutions, implementation, etc.
 - Australia is catching up
 - Need to adopt global standards to avoid a fragmented approach across supply chains
- [Secure vault](#) approaches protect information from commercial invoices covering
 - Buyer, seller, goods, amounts, currency and invoice number (at a minimum)
 - Technology is then applied to review each transaction against the other information already within the registry
 - Enables identification of red, green or amber categorisation to inform decision makers or risks of any given transaction.

- Privacy is paramount and encryption is used. (Cryptographical hashes)
 - Banks input the data about the client.
- [Mis-invoicing](#) challenges
 - Price discovery information across supply chains is essential to stamp this out
 - Easier where there is high transparency of prices in the market
 - Relies on accurate goods description (HS codes). Counterfeit goods are an issue.
 - US and Singapore working with Customs databases about the landed price of goods to assist in this challenge.
- International guidelines are useful but local jurisdictions and courts apply laws locally.
 - Where courts create new precedents, the guidelines are periodically updated to reflect the interpretation of the laws involved. A constant dynamic process of evolution.
- Innovation is following MLETR adoption.
 - Financiers are hesitant to advance without explicit adoption of MLETR (or equivalent – eg UCC in USA), even if English law is used to govern the commercial transactions.
 - Mark would like to see the Australian Attorney General explicitly announce that Australia will adopt MLETR and identify a timeline for adoption and any areas of law reform needed to give this effect, in order to provide certainty to the commercial sector. The UK have estimated billions of pounds in benefits from adopting MLETR, Australia could see a similar effect.
- Banks are requiring a lot of information from the commercial parties to a transaction about the trade and supply chain. This information could be made available to regulators and so remove the duplication of data requirements across the supply chains. The ability to hold secure data is already available and used now. It would be important for regulators to adopt standardised approaches.
 - Known traders can be differentiated from irregular or new traders and then risk management applied (as it already done by banks)
- Open account trade is a gap. International jurisdictions are discussing requiring greater information against payments in open account transactions.
- E-commerce is a similar gap. Lots of fraud in this channel and [authorised push payment](#) (APP) fraud is attracting a lot of consideration at present.

WEBINAR 10- Border 5 interoperable single windows, data sharing and trust approaches to support trade facilitation for legitimate traders and interrupt illicit trade across supply chains

Presenter: Vincent Annunziato, US CBP

Key points for me were:

Presentation:

Vincent approaches the problems for agencies from a business perspective – both for consumers and business, but also the business of regulatory management.

- In the current state regulators have limited supply chain visibility and fragmented data submissions. A new system is needed to overcome these problems, not simply an update of previous systems.
- The US Government recently investigated blockchain as a tool for CPB to use – but despite successful pilots, it has been discounted in favour of end to end supply chain visibility, traceability and interoperability. Pilots were undertaken on:
 - North American and Central American free trade agreements in 2018
 - IP rights in 2019
- Issues arising from the pilots were:
 - Potential for vendor capture
 - Uncertainty if blockchain could cope with the level of data the Government is dealing with
- Better to use globally interoperable [W3C](#) standards and engage in the “team sport of data”. Of particular interest to USCBP are:
 - Verifiable credentials – [Data model](#)
 - Decentralised identifiers ([DID](#))
 - Privacy and [credential lifecycle](#) management – via W3C and [Internet Engineering Task Force \(IETF\)](#)
- Current and emerging technologies are making it easier for legitimate businesses to be known and difficult for illegitimate businesses to operate
- 2023 ACE Integration tests have been conducted on oil from Canada and steel from Mexico. These tests confirmed:
 - Significant reduction in administration costs and documents required
 - Improved supply chain transparency
 - Developed an *intent to import* approach

- Steel supply chain improvements also supported additional user attributes like the steel standards against their final use.
 - Tested multimodal bills of lading approach – doesn't matter how many modes are in the supply chain – only the last one being used for entry into an import nation.
- In 2024 tests will be conducted on e-commerce, food safety and natural gas covering:
 - Model single window
 - Credentials vs legacy data coordination
 - Determining the technology stack for ACE 2.0
 - Systemic verification of credentials with the Border 5 group including Australia.
 - Commercial sector companies involved include – Walmart, UPS, Amazon, GS1, GLEIF
 - Other agencies involved include FDA, AMS, APHIS, EPA, along with the [IDB Bank](#).
- 2024-25 international tests are expected to include:
 - Global G2G data exchange network between [Border 5 nations](#) (Australia, Canada, New Zealand, the U.K., and the U.S). The US is hoping this becomes a global system and that it would be possible for the US to offer a “single window” to support US / international companies to trade across international borders and compliance requirements using the one system.
 - Global AEO credential development.
 - Exchange of AEO status between nations via verifiable credentials and companies using a digital wallet. Attributes covered include:
 - Issuing country ISO code
 - Issuing nation
 - Issuing agency
 - Company details
 - Use of legacy systems like the national company registration system, tax system ID, etc
 - US want to include a photo of the holder.
- Governments should be technology agnostic through interoperability.
 - Need to develop a digital representation of the physical world (digital twin)
 - Use data standards in business scenarios.



- Opportunities once this is done extend to a wide range of augmented systems across supply chains (green trade, human rights, etc). Outcomes from a new age for supply chains from using standards based approaches:
 - Makes the world a smaller place – the technology to do this already exists.
 - Build once to connect to all. No one member nation gains an advantage.
 - Integrate smart technologies.
 - Create interconnected seamless trading outcomes using data.
 - Streamlined business processes tighten supply chains.
 - Business trust ascertained by quality of the data. Provides legitimacy to business and consumers.
 - [JSON LD](#) overcomes translation issues across all languages
 - Complete supply chain visibility
 - Real time messaging assists early government responses
 - Proprietary data is protected
 - US CPB has a facilitation focus - Risk based systems allows legitimate companies to move legitimate goods quickly between economies. US Customs is looking to support business growth without sacrificing safety.

Discussion:

- The US is on a constant state of modernisation and future proofing systems.
 - [ACE2.0](#) expected 2026 for funding - *ACE 2.0 is not a refresh of ACE or a set of incremental changes; it is intended to be a re-engineered system based on a rethinking of how current and future technologies can be used to meet our mission most effectively. ACE 2.0 will be built from the best minds from both the private sector and government. Its enhanced system will build on the vision of the Re-Imagined Entry Working Group, a collaboration with the trade through the Commercial Customs Operations Advisory Committee (COAC)*
 - [21st century customs framework](#) legislative reforms
 - Allowing earlier data acquisition from non-traditional actors so the data can be used for cargo purposes and not just targeting purposes.
 - Taking a stepwise approach – but with a business focus first. Understand the whole supply chain before creating a new system.
 - How the data be integrated
 - Removing business processes

- Verification and other technologies follow.
- Technology stack description and testing including being able to accept the data at scale.
- Current stages are not involving banks or the financial sector. This is desirable but need the laws to allow this.
 - Banks have good systems and are constantly testing improvements.
 - It is advantageous if they are considered as an integral part of the future system.
- Also the circular economy / green economy approaches could be considered and customs could support this
 - Verifiable credentials assist with claims being made.
 - Smart devices have a lot to offer.
- WCO has been informed of US efforts.
 - Concepts of a trader ID needs to come together and be a verified credential that can be held in wallets to support traders globally across supply chains.
 - Opportunity to reduce global crime and illicit behaviour.
 - Huge benefits to develop “soft law enforcement” by empowering consumers who are looking for verified attributes about the products they buy and who they buy them from (eg e-commerce platforms)
 - Including businesses that use inputs to transform to other goods.
- Border 5 activities / trials
 - “Global AEO” – G2G data exchange
 - “My export is your import” – global duty drawback and tax accounting.
 - Tracking duty payments and liabilities for duty drawback across supply chains
 - By 2025 get some of the current trial efforts commercialised
 - Steel
 - Oil
 - Natural gas, eCommerce, Food Safety (2024-26)
 - Would like other nations to mirror the standards the US ACE 2.0 will be adopting
- No cost proposal: (starting with verified credentials)

- Option 1 – international governments welcome to partner with the US – eg verified credentials. Foreign Government invests and assists with initial development of verified credentials as foundational infrastructure. This is the most expensive option.
- Option 2 – use a tool where US provides the code to the foreign Govt. Code available for free. Cost is domestic integration.
- Option 3 – Foreign Government adopts the US system and companies simply log into the cohort companies that build the system in partnership with the US Govt.

Vincent thinks what the US is working on has the capacity to be a foundation for the future for global trade.

- Status of international approach:
 - Border 5 is the baseline starting group as a priority.
 - UK is very close to an arrangement with the US (By Dec 13, 2023)
 - Verified credential definitely.
 - *My export is your import* approach likely.
 - G2G data exchange under consideration
 - Australia is interested but Vincent is awaiting a response in writing to set up the engagement programme for last quarter 2024 or early 2025.
 - Also working with IDB Bank across South American and Latin American nations
 - EU looks to be doing something similar.
 - Singapore is engaged.
 - Sth Korea interested – especially pharmaceutical industry.
 - W3C International working group
 - US tech companies are active in this network.
 - Might need to create a Customs Technical group to get in front of the standards group.
 - China has sought briefings from the US over recent years. China has attended some ASEAN level conversations on this.
 - USCBP is not doing anything with the UN currently.

Vincent is excited that this is a huge opportunity to create a major revolution in the way we all do business in a global standardised system that strengthens both the private and public sectors of all nations.

Interesting links

[IETF 119 Brisbane 16 Mar 2024 - 22 Mar 2024. The *IETF Hackathon* and *IETF Codesprint* take place on the weekend.](#)

[DHS/SVIP Interoperability Plug Fest #2 - VC/DID Multi-Platform/Multi-Vendor Interoperability Showcase - Google Slides](#)

[Business Transformation and Innovation Division | U.S. Customs and Border Protection \(cbp.gov\)](#)

[Trade Facilitation and Trade Enforcement Act of 2015 \(TFTEA\)](#)

CBP has embraced a renewed approach to trade facilitation and enforcement, focusing on the following key areas:

- [Balanced Trade Operations](#)
- [Automated Commercial Environment\(ACE\)](#)
- [Antidumping and Countervailing Duties \(AD/CVD\)](#)
- [Enforce and Protect Act of 2015 \(EAPA\)](#)
- [Centers of Excellence and Expertise \(Centers\)](#)
- [De Minimis Value Exemption](#)
- [Forced Labor](#)
- [Intellectual Property Rights \(IPR\)](#)
- [Drawback](#)

For more information about the Five Eyes and associated bodies see the following links

[Five Eyes - Wikipedia](#)

[Five Country Ministerial 2023 Communique | Homeland Security \(dhs.gov\)](#)

[Five Country Ministerial \(publicsafety.gc.ca\)](#)

[Five country ministerial 2018 \(homeaffairs.gov.au\)](#)

[Five country ministerial 2020 \(homeaffairs.gov.au\)](#)

There is an associated [Quintet](#) for Attorney Generals

[6630923 2021 Quintet of Attorneys-General communiqué.pdf \(publishing.service.gov.uk\)](#)

But it doesn't look like there is any trade related group of five eyes nations and there is no trade agreement outside the WTO and UN which covers all the members. Maybe there is an opportunity to develop a trade related grouping that looks to improve trade among our deepest security partners.

WEBINAR 11 – Contextual decision intelligence

Presenter: Holly Miller. Quantexa

Key Points I took were:

Presentation:

- Quantexa solutions were developed in the mitigation of financial crime sector
 - “[Contextual decision intelligence](#)” means getting more context to make more intelligent and better decisions.
 - 90% of relevant data isn’t currently being used to support decisions
 - Lots of data is held in disparate systems
 - There is large opportunity to automate simple decisions
 - Globally, over \$2 trillion is lost annually due to smuggling, counterfeiting, human and wildlife trafficking etc.
 - Trade based money laundering represents an important channel of criminal activity and terrorist financing.
 - Data fusion unifies disparate data
 - Quantexa systems use data in its resident state. It can recognise that certain data is an address, etc.
 - Entity resolution enables a single view of the individual or entity. The Quantexa system develops a really accurate view of the target.
 - Can be applied to any real work thing.
 - This can then be used to create relationship network maps across supply chains.
 - From this real-world behaviour can be identified and analytics applied against for example, watchlists or other red flag incidents, such as related party transactions, U turn trade finance activity, etc.
 - The system can build a network related to international trade covering trade finance and supply chain data, paired with customs or border agency data, paired with external data. The result is much richer data about the complete supply chain and the actors within.
 - It is currently used to detect many types of risk.
 - Holly ran through a number of case studies:
 - **Entity resolution:** EU example of a nation with 850,000 trader profiles in the customs system – resolved to 51,000 unique operators.
 - **Screening:** richer data from supply chain relationships identified obscured information that supported improved decision making
-

- **Financial crime:** entity and network view identified shell companies and bad actors. Resulted in improved risk analysis.
- Holly also demonstrated a **customs alert system**
 - Enables scores and risk rating against a particular trade.
 - Network information included corporate registry, addressed or individuals, trade documents, multiple consignments, etc.
 - 17 prior trades didn't raise an alert, but the 18th trade did.
 - Identified corporate structure changes over time, known bad actors and abnormal routing (based on GPS / IoT feed information) which can be viewed on a map across multiple national jurisdictions.
 - Used publicly available adverse media information to assist.
 - Can be used in real time and also post event detection scenarios.

Discussion:

- System could be used to support trusted traders and potentially incentivise good behaviours – this approach is already used in the insurance field
- Quantexa uses customer data in its original location. It doesn't hold its own data about the clients.
- System is capable of very fast decision support if the data is available – eg media cycles, fast moving financial decision support, etc.
 - Or can also be used for retrospective analysis of slower moving data.
- Can perpetually monitor customer profiles over time – eg banking use case
- System can respond to real world scenario models rather than historic rules based models = more responsive and reduced false positives
- System is scalable to cope with global banking transactions. Hasn't yet found a limit to the volume it can manage.
 - Already draws on global corporate registries and supply chains
- Has identified phoenix companies and shell companies being used for financial crimes.
- System isn't designed for small business use (mostly used by larger banks, corporates and Government) but has also been used by aggregators to service smaller companies and situations.
- Entity resolution assists to identify those who are seeking to act badly as well as supporting "good" actors.



-
- Very often bad actors go to significant lengths to obscure their identities, use fraudulent identities etc. Eg [ICIJ Data](#).
 - Contextual intelligence might assist to improve KYC approaches for SMEs / MSEMs and might enable funding for a wider range of businesses than currently available.
 - System can be used to support modern slavery mitigation or other social / environmental risk profiling and transparency across supply chains and associated financial flows (use case of UK mule account management where modern slavery was identified)
-

Webinar 12 – Modernising the Australian Customs Act 1901 and other associated legislative reform opportunities.

Presenter: Bill Cole

Key points for me:

Presentation

- Despite over 150 amendments, the Customs Act 1901 (as amended) remains largely unchanged since its inception. Yet we have had dramatic shifts in trade and logistics over the same time.
- It is a piece of “economic legislation”. It governs behaviour of exports and imports. There are few other examples where “economic legislation” has survived for the same duration.
- Australia’s global ease of border crossing ranking (now 106th) is inconsistent with the efforts undertaken to negotiate trade agreements to promote commodity exports and to enhance trade outcomes. It is reasonable to assume the ranking is impacted in some ways by the operation and effectiveness of the Customs Act 1901.
- Australia has no unified law to govern international trade – it is split over portfolios and legislation.
- One measure of the effectiveness of legislation is outcomes – does the Customs Act 1901 pose unnecessary costs or burdens on the commercial sector?
- Imports and exports of goods and services represents 56% of global GDP and 46% for Australian GDP. We really need to pay attention to the opportunities for improved international trade arrangements and legislation effectiveness.
- If the Customs Act is not consistent with Australian trade policy, then it should be amended or rewritten.
 - International exemplars are available and should be considered.
- The Act covers matters which load up administrative burden and conflict between trade facilitation and law enforcement functions.
 - Import and export controls
 - Revenue collection
 - Requisite record keeping
 - Law enforcement
- Bill Cole has characterised the Act into the following sections:
 - Commercial
 - Part IV – The importation of goods
 - Part VI – The exportation of goods
 - Part VIII – The duties
 - Part IX – Drawbacks
 - Part XA – Australian trusted trader programme

- Part XI – Agents and customs brokers
 - Law enforcement
 - Part VAAA – Cargo terminals
 - Part XII – Officers
 - Part XIIA – Special provisions relating to prohibited items
 - Part XVIII – Penal provisions
 - Part XIV – Customs prosecutions
 - Part XVB – Special provisions relating to anti-dumping duties
 - Part XVI – Regulations and by-laws
 - Administration
 - Part I – Introductory
 - Part II – Customs control examination and securities generally
 - Part IVA – Depot
 - Part V – Warehouses
 - Part VIA – Electronic communications
 - Part XV – Tenders for rights to enter good for home consumption at concessional rates
 - Part XVC – International trade remedies forum
 - Part XVII – Miscellaneous
 - Specific goods and services
 - Part VA – Special provisions related to beverages
 - Part VAA – Special provisions relating to excise equivalent goods
 - Part VII – Information about persons departing Australia
 - Part VII – Ships’ stores and aircraft stores
 - Part X – Coasting trade
 - Disaggregation of the various functions into new Acts may assist to simplify administration for both traders and agencies.
 - Impact:
 - Influence on the efficient and cost of international supply chains.
 - Cost reductions and improved efficiency has been demonstrated in trials by industry through improved technology and process changes.
 - Relevance:
 - Is an Act that is 122 years old responding to the needs of the modern economy?
 - In fact, it shapes the nature of supply chains. Businesses react to and adapt to the legislative requirements.
 - Consensus:
-

- There is common recognition in both public and private sectors, of the need to improve international trade outcomes in Australia.
- Yet analysis of reform opportunities for the Customs Act 1901 has not been conducted.
- Convergence:
 - Many WTO members have amended their primary customs legislation as part of an economic growth agenda that includes trade reform.
 - EU and US reforms commonly focus on enhanced access to information
 - Pre clearance approached
 - Facilitating legitimate trade while reducing opportunities for harm
- Push / Pull:
 - Economic law reform and the Customs Act
 - Well established process and protocols available for reform analysis
 - Bureaucratic capture
 - Internal willingness to support reviews and the potential for change.
 - Sectoral interests
 - Businesses have compliance systems developed around the Customs Act
 - Changes may mean costs to business or altered business opportunities which might be resisted.
 - Risk
 - Redrafting brings with it risk but there appears to be little willingness to consider alternate risk management and improved opportunities.

Discussion

- Good legislation and policy should be effective and efficient.
- The Customs Act 1901 predates the taxation powers of the Federal Government, the GATT, the WTO, etc.
- If the measure of success is that trade has not stopped from the current system then it is successful, but the real question needs context. Is it meeting the needs of the end users and the economy as a whole? Need a holistic view of the “intended use” of the legislation. Eg, If revenue collection is the aim, then we need ways do this in the 21st century frameworks that don’t interrupt the commercial flow of the goods. Costs are imposed on industry from delayed

assessments of regulatory requirements. It is not acceptable for agencies to say the regulation is x and it doesn't matter if it takes a few days to do the assessments.

- Australia needs to operate in conjunction with the demands of key trade partners notably the EU and USA [and probably China].
- The US is intending to amend its Customs Act, after 30 years, in alignment with [UCC](#) reforms.
- The US and EU are considering the trade "system". Australia doesn't appear to be taking this approach yet. Aspirations of Australia to be a [top 10 digital economy](#) are fanciful without a holistic approach.
- The Biosecurity Act and the Customs Act have over 100 common administrative reporting requirements. A digital strategy at the border could address the common reporting requirements as a quick win and be advanced upon in the development of a complete Single Window. We already know from examples of trusted traders / AEO the type of benefits that can be derived from improved systems based on trust. Need to apply this more broadly.
- Despite international agreements, the deployment of Government resourcing continues to be manifestly against law enforcement rather than trade facilitation efforts.
- Trade agreements and other international agreements tend to indicate good will, but are mostly not reflected in any of the amendments to the Customs Act, other than tariff schedules.
- The [Australian Law Commission](#) has previously attempted to redraft the Customs Act but this hasn't progressed. International examples of improved legislation include the model law approaches used elsewhere. NZ had a good methodology for Customs Act reform (but it didn't result in a best practice Act). The EU approach uses a number of expert panels to consider modernisation. The US has a balance between risk and advantage under UCC.
 - It is reasonable for all nations to have their own approaches and legislation, but the important thing is how legislation supports competitiveness against other purposes.
- Business is constantly changing their processes responding to economic conditions, M&A activity, business failures, modernisation in logistics, counterparty economy reforms, etc. All these result in increased efficiency and so reporting in the supply chain is constantly under threat of change of entire removal. This demonstrated that businesses constantly cope with change and will do so if there was domestic legislative reform in Australia.
- Adopters of most of the existing trade management technology systems would readily adapt to reduction in reporting requirements, if the same information could be used multiple times rather than needing multiple reporting processes. This might take \$50-100 out of the movement costs of any shipment. The key issue will be businesses that are threatened as their role is removed from that supply chain.
- A best practice approach to Customs Act reform would be a root and branch review and development of a new Act, but it might be pragmatic to first undertake amendments to the current Act to test concepts and ideas as a proof of concept approach.

Other resources

[UN Recommendation 49 Overview - YouTube](#)

[What is tokenization? | McKinsey](#)

[Trade Facilitation Recommendations | UNECE](#)

[What is Contextual Decision Intelligence? | MachEye](#)

[Regulation as a platform: How Data61 is turning text into APIs to serve the burgeoning RegTech industry | Computerworld](#)

[PermitMe application by Data61 \(youtube.com\)](#)

[Public sector digital transformation: a quick guide – Parliament of Australia \(aph.gov.au\)](#)

[Everything You Need To Know About Decision Intelligence | by Ashley Mangtani | Medium](#)

[Research on Agricultural Product Traceability Technology \(Economic Value\) Based on Information Supervision and Cloud Computing - PMC \(nih.gov\)](#)

[\(PDF\) Product traceability in manufacturing: A technical review \(researchgate.net\)](#)
