

Second Meeting of the GMS Task Force on Trade and Investment (TFTI)

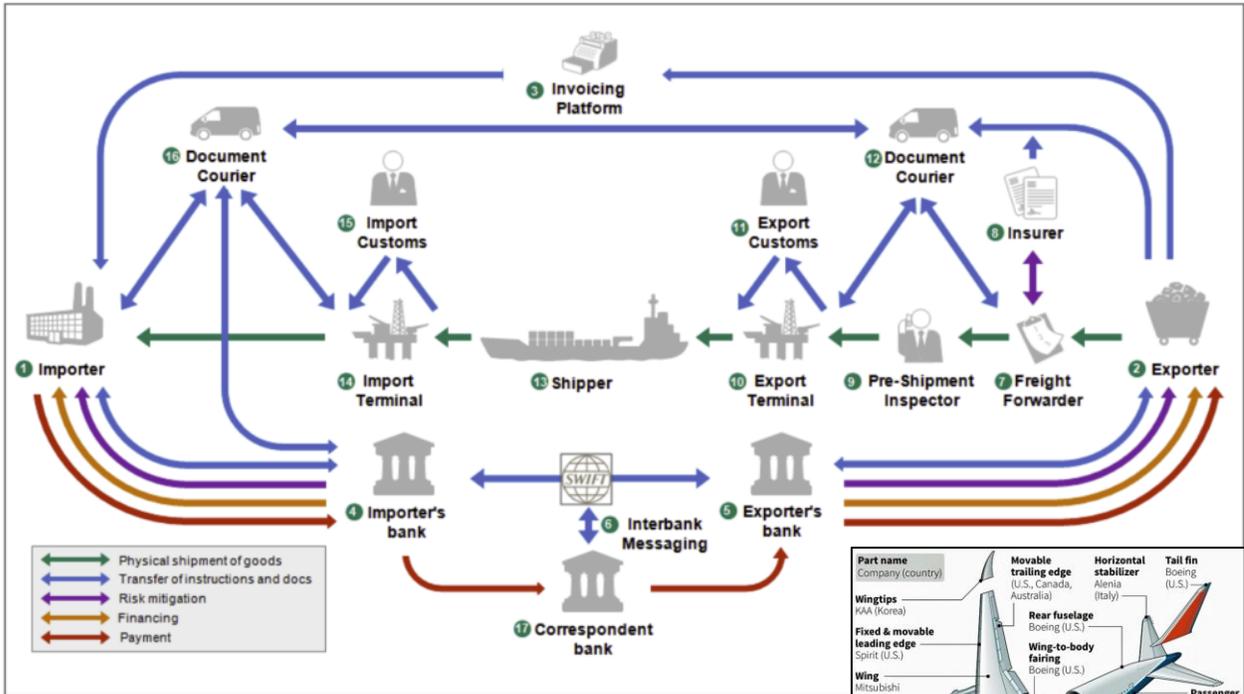
Workshop on Digital Supply Chain



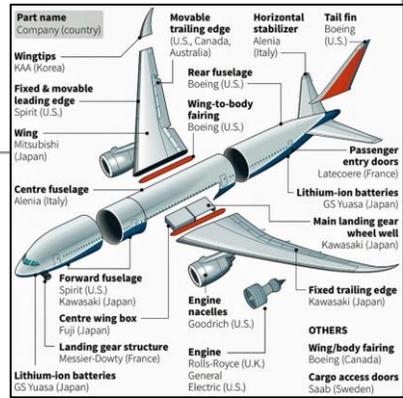
April 2023, Manila, Philippines

Session 1. Digital Supply Chain

1. Supply Chains are complex, far-reaching and can involve an ecosystem of thousands of SME suppliers – think in three/four layers
2. Trade financing is fundamental, and must be part of deliberations on the future of trade
3. Digitalization is a cross-cutting theme and aspiration across trade, supply chains and financing



<https://www.tradefinanceglobal.com/posts/video-digital-ecosystems-within-trade-finance-boston-consulting-group-seeing-beyond-the-technology/>



Supply chains today are:

- Complex and global
- Composed of up to multiple thousands of suppliers
- Ecosystems where first-level (Tier One) Suppliers/Aggregators closest to the Buyer play a critical role
- Also shaped by “Strategic Suppliers” that can be small and located at the farthest end of the supply chain, but provide a critical input, component or element of intellectual property
- Involve SMEs (often large numbers of them) that can engage directly, or pursue indirect exports by selling to a domestic entity that sells into the cross-border supply chain

“Today, up to 80 per cent of global trade is supported by some sort of financing or credit insurance.

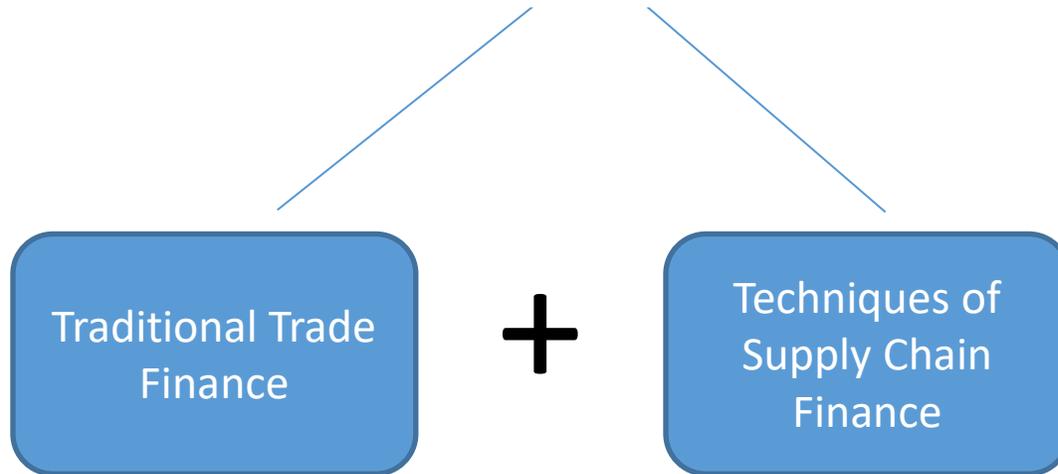
Former WTO DG Azevedo



GLOBAL TRADE UPDATE

...with *global trade reaching* record levels near *US \$32 trillion* in 2022, the *critical role of trade financing comes sharply into focus*

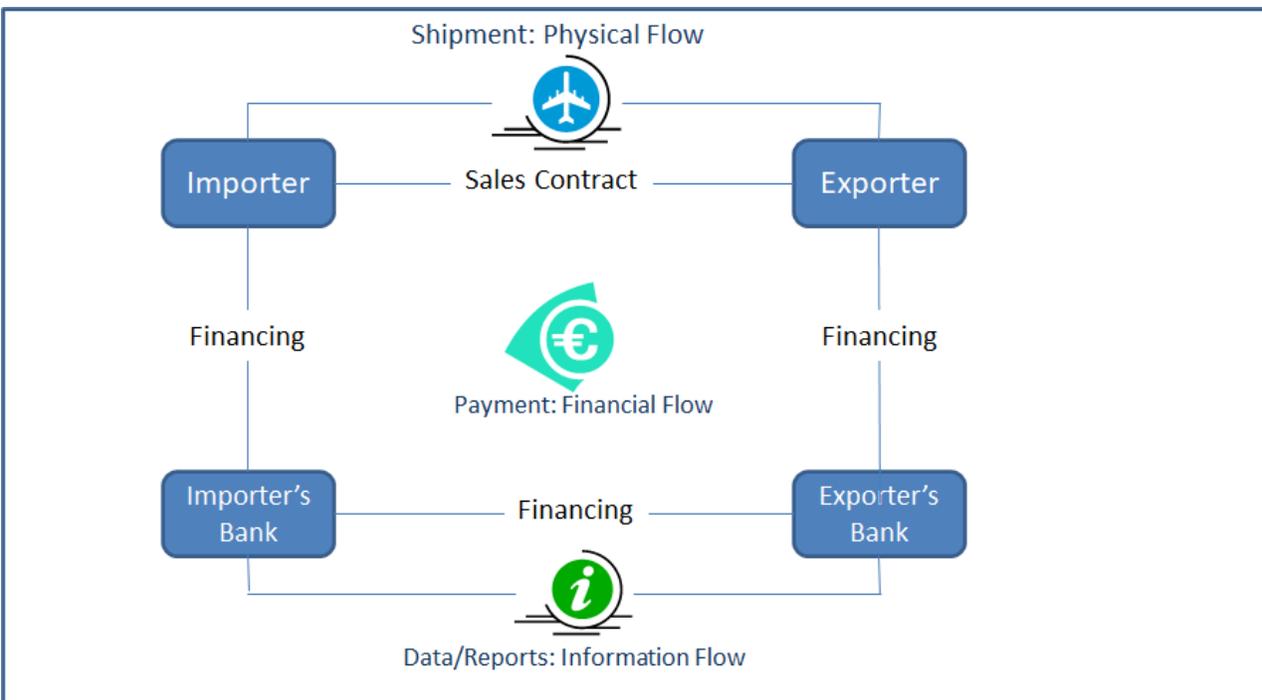
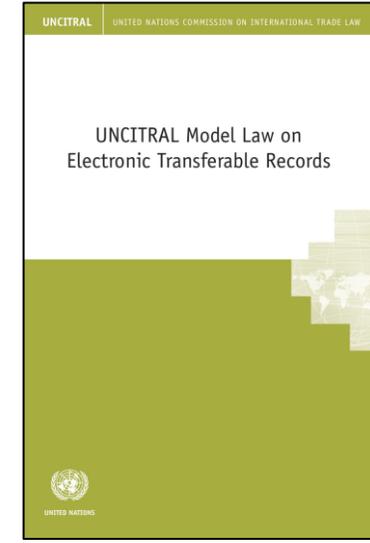
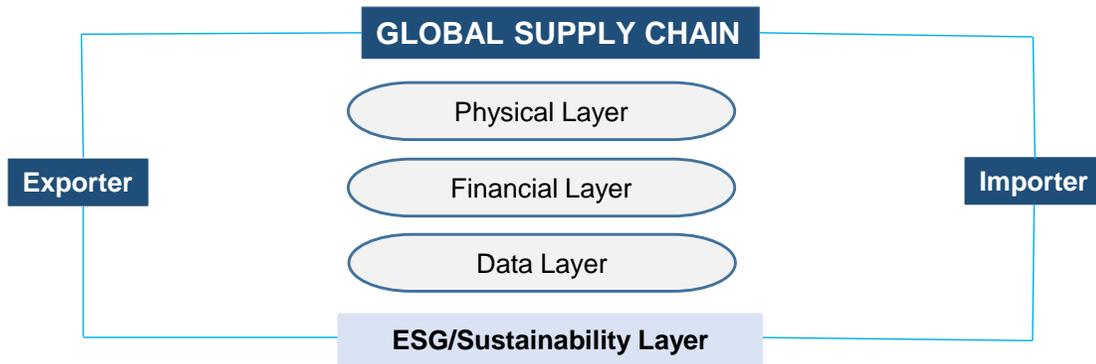
https://unctad.org/system/files/official-document/ditcinf2023d1_en.pdf



- Adequate financing and liquidity is critical for trade and for supply chain resiliency
- Trade financing is integral to any meaningful discussion of trade
- Policy, legal and regulatory issues can be obstacles or critical enablers

Learn more on the WTO Report “Trade Finance and SMEs: Bridging the Gaps in Provision” (2016) – Scan this QR Code:





Digital trade and the digitalization of trade and supply chains is complex and far-reaching. In order to be effective, it must encompass all major elements of trade, including the logistics and procurement dimension, and the financing and settlement component.

This necessitates significant progress in the legal and regulatory framework on a global level, perhaps similar to what was achieved in rulemaking and industry practice by the ICC's Uniform Customs and Practice for Documentary Credits.

https://uncitral.un.org/en/texts/e-commerce/modellaw/electronic_transferable_records

Table: State of Adoption of UN Model Laws and Agreements on E-commerce in the ASEAN, CAREC and SASEC Country Groupings

Country	MLEC (1996)	MLES (2001)	CUECIC (2005)	CPTA (2016)	MLETR (2017)
ASEAN COUNTRIES					
Brunei Darussalam	2000	N/A	N/A	N/A	N/A
Cambodia	2019	N/A	N/A	Signed 2017	N/A
Indonesia	N/A	N/A	N/A	N/A	N/A
Lao PDR	2012	N/A	N/A	N/A	N/A
Malaysia	2006	N/A	N/A	N/A	N/A
Myanmar	N/A	N/A	N/A	N/A	N/A
Philippines	2000	N/A	Signed 2007	Acceded 2019	N/A
Singapore	1998	N/A	Ratified 2010	N/A	2021
Thailand	2019	2001	N/A	N/A	N/A
Viet Nam	2005	2005	N/A	N/A	N/A
CAREC COUNTRIES					
Afghanistan	2020	2020	N/A	N/A	N/A
Azerbaijan	N/A	N/A	Acceded 2018	Acceded 2018	N/A
Georgia	N/A	N/A	N/A	N/A	N/A
Kazakhstan	N/A	N/A	N/A	N/A	N/A
Kyrgyz Republic	N/A	N/A	N/A	N/A	N/A
Mongolia	N/A	N/A	Acceded 2020	N/A	N/A
Pakistan	2002	N/A	N/A	N/A	N/A
People's Republic of China	2004	2004	Signed 2006	Approved 2020	N/A

Adoption of Various UN Standards and Model Laws – Illustrative Only

- TSCFP central role in driving adoption of MLETR
 - Launch and funding of DSI
 - Direct engagement with multiple countries
 - Pace of alignment or adoption varies significantly, need broader uptake and commitment
 - Includes fundamentals, like finding a government sponsor in each country
 - Extends to technical assistance and drafting legal text where requested
 - Support in sourcing data or quantifying economic value for business case purposes
 - Parallel industry effort to promote adoption of Model Law on Factoring
- **Cambodia**
 - **PR China**
 - **Lao PDR**
 - **Myanmar**
 - **Thailand**
 - **Viet Nam**
 - **(Georgia)**

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 3. Digitalization is a cross-cutting theme and aspiration across trade, supply chains and financing
- TSCFP engaging directly with multiple GMS jurisdictions on digitalizing trade
 - Ongoing efforts to deliver relevant technical assistance and capacity building initiatives
 - Specific activities aimed at assessing needs and deploying solutions in trade financing

