

DIGITAL STANDARDS INITIATIVE

LEGAL REFORM ADVISORY BOARD

Inaugural Meeting

22 FEBRUARY 2022

12:00 – 14:00 GMT

07:00 – 09:00 EST

20:00 – 22:00 SGT

ICC is the institutional representative of **45m+ companies** in 100+ countries. Our mission is to make business work for everyone, every day, everywhere.



Agenda

Topic	Presenter
1. Welcome Address	John W.H. Denton AO, Secretary General – International Chamber of Commerce
2. Opening Remarks	Valentina Mintah and Chris Southworth, Co-Chairs – Legal Reform Advisory Board
3. Introductions	All Board Members
4. Overview of DSI and Industry Advisory Board	Hannah Nguyen
5. Problem Statement and State of Play	Raoul Renard
5.1. Open Discussion	All Board Members
6. Forward Programme	Raoul Renard
6.1. Open Discussion	All Board Members
7. Charter Run-through	Chris Southworth
7.1. Open Discussion	All Board Members
8. Next Steps + Any Other Business	Chris Southworth

ICC Competition Law Statement

The fundamental objective of the International Chamber of Commerce, founded in 1919, is to further the development of an open world economy with the firm conviction that international commercial exchanges are conducive to both greater global prosperity and peace among nations. Whereas all the activities of the International Chamber of Commerce, whether of a policy or technical nature, aim:

- to promote international trade, services and investment, while eliminating obstacles and distortions to international commerce;
- to promote a market economy system based on the principle of free and fair competition among business enterprises;
- to foster the economic growth of developed and developing countries alike, particularly with a view to better integrate all countries into the world economy;

In line with the ICC constitution (<https://iccwbo.org/constitution/>), the ICC DSI and ICC Legal Reform Advisory Board (LRAB) promote a market economy system based on the principle of free and fair competition among business enterprises. Competition laws — also known as Antitrust or Trade Practices laws in some countries — are rules on how companies should compete in the markets where they operate. The purpose of these laws is to promote and safeguard undistorted and fair competition — and to punish business conduct that undermines innovation and harms consumers.

Danger areas which all members must be familiar with include activities associated with Cartels and collusion, restrictions in horizontal and vertical agreements and any abuses of a position of dominance or market power. Practically this translates to a zero tolerance attitude towards any price fixing engagements, market sharing or customer allocations, bid rigging, production shutdown agreements or output limitations, and collective agreements to boycott markets or practices.

Participation in ICC DSI or ICC LRAB related activities is voluntary to members. The LRAB will be governed by its charter and all meetings shall be recorded. If any participant believes conversations are drifting towards impermissible discussions, please inform the LRAB Co-Chairs, the DSI or the ICC General Legal Counsel for assistance and course correction as required.

More information can be found: <https://iccwbo.org/publication/icc-antitrust-compliance-toolkit/>



1. Welcome Address


John W.H. Denton AO
Secretary General of the International Chamber of Commerce (ICC)



2. Opening Remarks

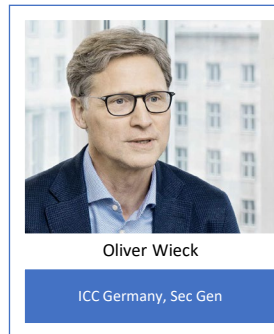
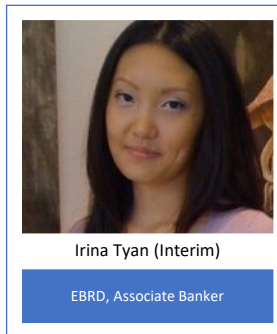
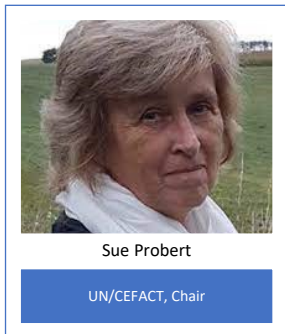
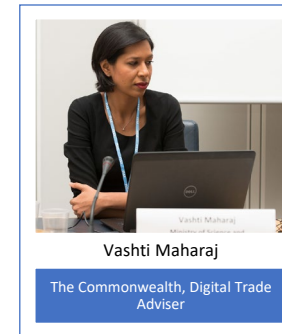
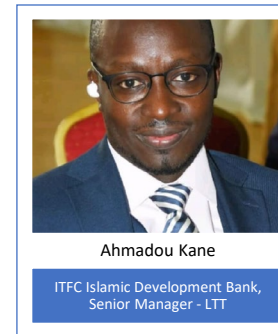
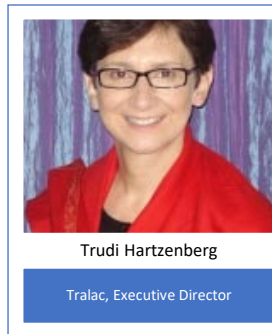
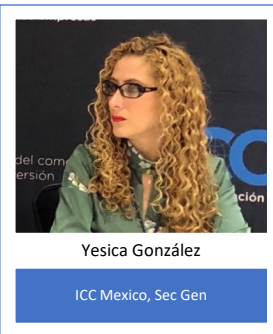
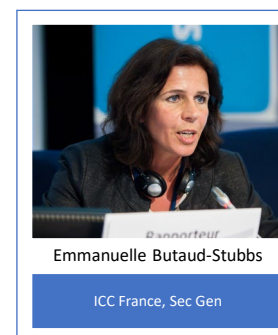
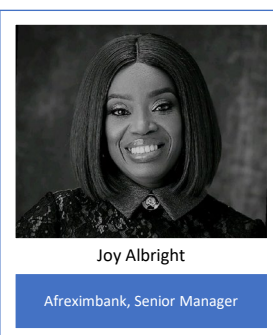
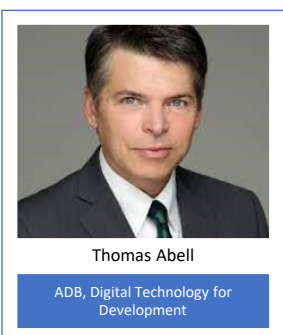
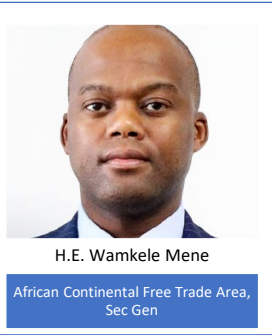
Valentina Mintah and Chris Southworth
Co-Chairs of the DSI Legal Reform Advisory Board





3. Introductions

All Board Members





4. Overview: The Digital Standards Initiative and the Industry Advisory Board

Hannah Nguyen, Deputy Director, DSI





About ICC Digital Standards Initiative (DSI)

Northern Star

The ICC Digital Standards Initiative (DSI) will work towards the ambitious aim of **establishing a globally harmonized, digitized trade environment** (also addressing disruptions experienced in the international supply chain during the COVID-19 crisis) as a result of the reliance of trade flows on paper documentation and diverging legal and technical standards.

Principles



Re-use rather than
recreate



**Engage standard-
setting bodies**



Consider all approaches



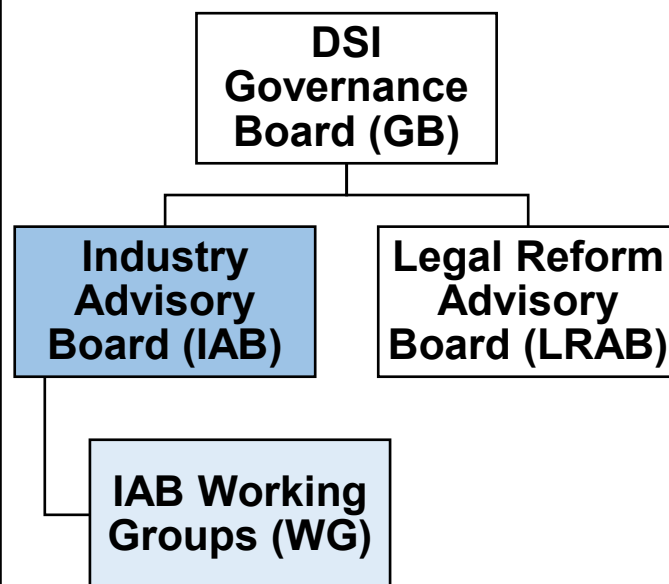
Accessible to all



Enhance capacity

Engaging stakeholders through Industry Advisory Board

Governance Structure



Role of the Industry Advisory Board

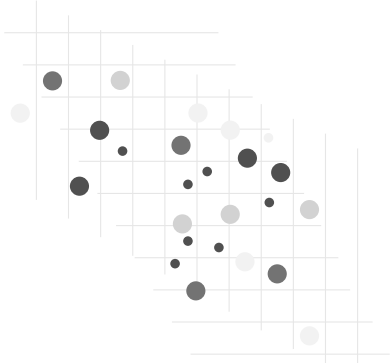
- ✓ Operates under the oversight of the DSI Governance Board (DSI GB), which sets the strategic direction for DSI.
- ✓ Enables the capability to engage senior stakeholders within a neutral governed venue to contribute towards standards development by SDO (Standard Development Organizations) partners and standard adoption for the international supply chain (B2B and B2G) and its finance.
- ✓ Has cross-regional, cross-industry representation in the IAB and its Working Groups (WGs)
- ✓ Approves the ToR of IAB WGs (and other committees) and takes care of the oversight of the WGs
- ✓ Encourages and supports further standardization for the B2B and B2G processes executed by the SDO involved or by ICC DSI if required
- ✓ Encourages the adoption of the DSI recommended standards

Members of the Industry Advisory Board

The ICC Digital Standards Initiative Industry Advisory Board has a cross-regional and cross-industry representation, bringing together leaders with diverse backgrounds and experiences who share a passion for solving key challenges facing trade digitization efforts.



Five Foundational Pillars For Execution



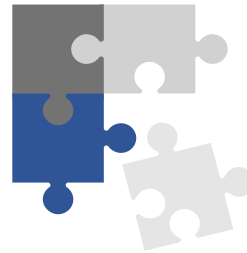
Key Data Elements for Trade

Know your Customer/
Supplier/ Goods/
Vessel identity,
Location data, ESG
Reporting Data,
payment, insurance
& trade finance
related data



Key Trade Document types

CoO, Commercial Invoice
(VAT), Warehouse
Receipts, Packing Lists,
Bills of Lading, Declaration
Forms (Customs),
Insurance Certificates,
Customs Bonds, etc.



Trusted Technology Environment

Verifiable Credentials,
Authentication,
Digital Signatures,
Data exchange between
supply chain actors
(B2B, B2G, G2B).



Modernized Rules for Trade

Private sector:
EUCP, URDTT, P&I
Rulebook adaptation to
interoperable world.
Preferential and non-
preferential CoO rules.
Technical standards
for ETRs.

Public sector:
MLETR
MLES



Seeding Digitization

Private sector:
Business cases to drive
adoption. Seeding adoption.

Public sector:
Facilitate systems in
Seaports, Airports and Land
Border crossing points;
Customs and other Gov
agencies to address
modern trade challenges.

All stakeholders:
Education and Training,
communications

5. Problem Statement and State of Play

Raoul J. Renard, Deputy Director – Legal Reform, DSI



Legal Harmonisation Essential to Achieve ICC DSI Vision

MLETR Alignment

“The ICC Digital Standards Initiative (DSI) will work towards the ambitious aim of establishing a globally harmonized, digitized trade environment – directly addressing disruptions experienced during the COVID-19 crisis as a result of the reliance of trade flows on paper documentation.”

We cannot achieve this with standards development and implementation alone: legal reform is urgently required.

THE CHALLENGE TODAY

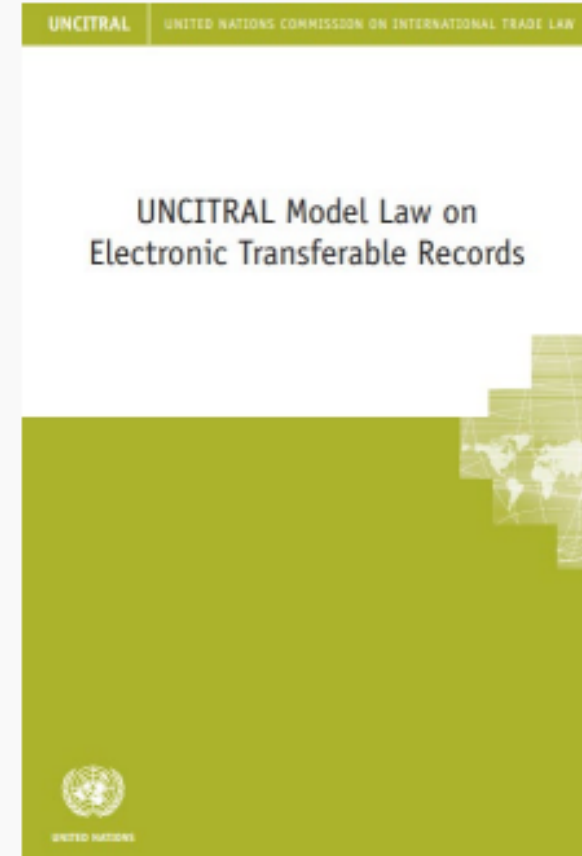


- ❌ National laws do not recognize the use of ETRs.
- ❌ Most jurisdictions continue to require negotiable instruments to be in paper form.
- ❌ To use documents in digital form companies must either find ‘workarounds’ or operate on closed platforms.
- ❌ The proliferation of closed platforms adds unnecessary complexity and cost to the trading system.

THE SOLUTION: MLETR

The UNCITRAL Model Law on Electronic Transferable Records (**MLETR**) creates an enabling legal environment for paperless trade. It:

- ✓ provides an international framework to align national laws and enable the legal use of electronic documents of title (electronic transferable records or “**ETRs**”) both domestically and across borders;
- ✓ builds on the principles of **non-discrimination** against the use of electronic means, **functional equivalence**, and **technology neutrality** underpinning all UNCITRAL texts on electronic commerce;
- ✓ enables the use of all technologies including registries, tokens and distributed ledgers;
- ✓ was drafted in a multi-year, inclusive and transparent process by the United Nations Commission on International Trade Law, a subsidiary body of the UN General Assembly with a mandate to further the progressive harmonization and modernization of international trade law.



We've had some advocacy wins...

2021 G7+ MINISTERIAL DECLARATION

“Paper-based transactions, which still dominate international trade are a source of cost, delay, inefficiency, fraud, error and environmental impact. It is our shared view that by enabling businesses to use electronic transferable records we will generate efficiencies and economic savings. This will strengthen the resilience of our global economic system and play a crucial role in trade recovery across the G7.”



Digital and Technology Ministerial Declaration



Framework for G7 Collaboration on ETRs



Seen an increasing # of trade commitments...

E-COMMERCE JOINT STATEMENT INITIATIVE

UK and Singapore have reintroduced a provision in the E-commerce JSI, as follows:

The Parties recognise the importance of facilitating the use of electronic transferable records. To this end, each Party shall endeavour to establish a legal framework governing electronic transferable records consistent with the UNCITRAL Model Law on Electronic Transferable Records 2017.

DIGITAL ECONOMY AGREEMENTS

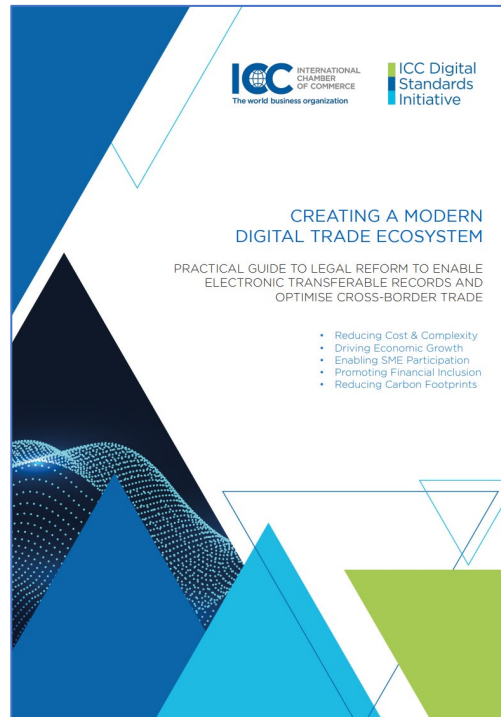
Digital Economy Partnership Agreement (DEPA) (Chile, New Zealand, Singapore)

Article 2.3(2) – Each Party shall endeavour to adopt the UNCITRAL Model Law on Electronic Transferable Records (2017).

Singapore–Australia Digital Economy Agreement (SADEA)

Article 8(4) – The Parties recognise the importance of developing mechanisms to facilitate the use of electronic transferrable records. To this end, in developing such mechanisms, the Parties shall endeavour to take into account, as appropriate, relevant model legislative texts developed and adopted by international bodies, such as the UNCITRAL Model Law on Electronic Transferable Records (2017).

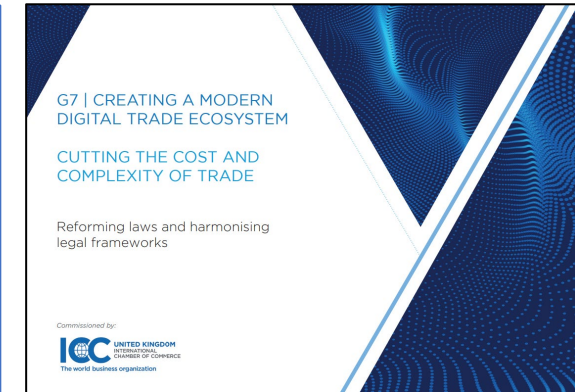
Generated tools to assist...



Legal Reform Guide:
Under ICC United Kingdom leadership, we launched a practical guide to legal reform – heavily building on the practical experience from engagement with UK government departments.



ADB Report:
An analysis of reform opportunities in ASEAN, CAREC and SASEC regions.



Economic Studies:

Studies published on the economic benefits of trade digitalisation to the economies of the G7, United Kingdom and Germany.



Advocacy tools:

A 'case for adoption' advocacy tool (English and Spanish) setting out the various benefits and SDG alignment.

<https://dsi.iccwbo.org/policymakers>

... but have not reached a tipping point

ACTION AS OF FEBRUARY 2022

JURISDICTIONS THAT HAVE ALIGNED TO MLETR:



Bahrain, 2019



Singapore, 2021



ADGM, Feb 2021



Kiribati, Sep 2021



Belize, Sep 2021



Paraguay



Papua New Guinea

JURISDICTIONS CONSIDERING ALIGNMENT (MLETR ADOPTION OR CONSISTENCY) INCLUDE:



United Kingdom



Thailand



Trinidad & Tobago



We need a broad coalition to scale...

Current mode of working

- A series of ad hoc engagements by ICC HQ, ICC DSI, ICC UK et al with stakeholders (ICC National Committees, local chambers of commerce, intergovernmental organizations, national governments, multilateral development banks)
- Time-intensive, duplicative, occasionally siloed.

Future mode of working

- Coordinate global efforts under the Legal Reform Advisory Board, comprised of senior stakeholders across industry associations, intergovernmental organizations, multilateral development banks and regional economic communities
- Provide a structured venue to convene stakeholders, approve legal reform projects and select model laws for promotion, to secure a globally harmonized digital trade ecosystem



The Legal Reform Advisory Board

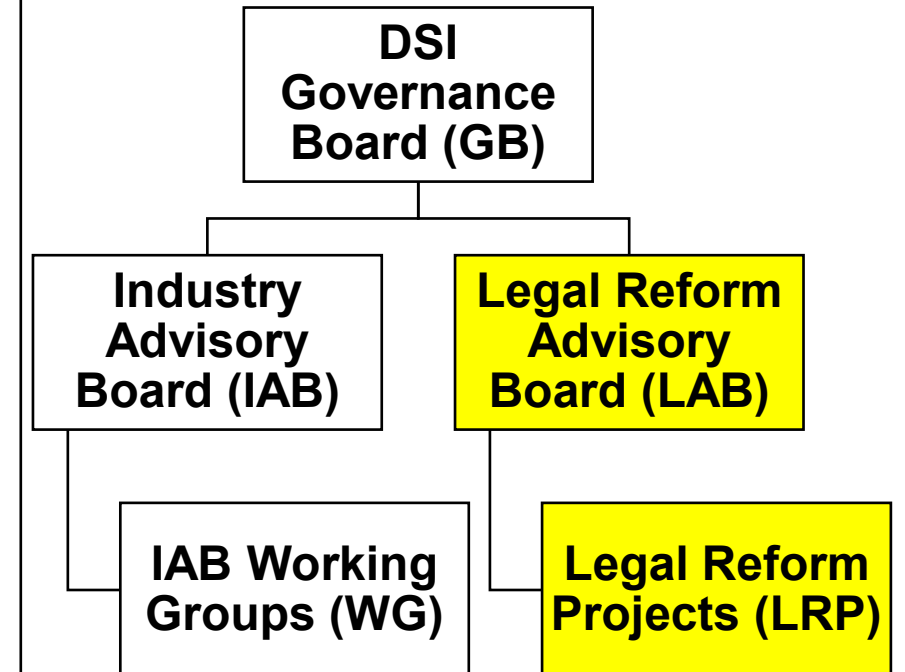
Scope

- ✓ Will operate under the oversight of the DSI Governance Board (DSI GB), which sets the strategic direction for DSI.
- ✓ Will enable DSI to engage senior stakeholders across industry associations, intergovernmental organisations, multilateral development banks and regional economic communities.
- ✓ Will provide input into prioritization and selection of LRPs.
- ✓ Provides oversight of LRPs.
- ✓ Encourages creation of enabling legal environments for paperless trade.

Composition

- ✓ Up to 30 members
- ✓ Multilateral Development Banks (ADB, Afreximbank, EBRD etc.)
- ✓ Intergov. organizations (UNCITRAL, UNESCAP, etc.)
- ✓ Bodies of regional economic agreements (UNECE etc.)
- ✓ Industry Associations (ITFA, BAFT, ICC National Committees)

Structure



5.1. Open Discussion

Open floor.

What similar efforts are there out there? Opportunities for advocacy? Synergies?



6. Forward Programme

Setting out 2022-2023 objectives.





2022-23 Objectives

ALIGN LEGAL SYSTEMS:

Double the number of countries that have legally aligned to MLETR to 14 (up from 7 in 2021).*

*This includes either legislative adoption in 2022 or active legislative steps in 2022 with entry into force in 2023.

SUPPORT EMERGING ECONOMIES:

Secure funding to support 5-10 emerging economies for legal reform projects.

SECURE COMMITMENTS:

100 countries committed* to align to MLETR (up from G7+).

*This includes governmental commitments in framework agreements, trade agreements, outcome documents

CREATE MONITORING FRAMEWORK:

Create a monitoring framework from MLETR socialisation through to domestic passage of legislation.

ALIGNING LEGAL SYSTEMS – SUPPORTING EMERGING ECONOMIES

BUILD ON EXISTING EFFORTS:

G7+ countries: deepen engagement and ensure follow up from Ministerial Declaration

Continue engagement:

- **Mauritius** (UNCITRAL; ICC)
- **Trinidad & Tobago** (UNCITRAL; ICC)
- **Egypt** (ITFA)
- **Dubai** (ITFA)

FUNDED PROJECTS FOR EMERGING ECONOMIES

Criteria:

- regional influence
- track record of early adoption
- relative trade volumes






5-10 projects could include:

- | | |
|--------------------|------------------|
| 1. Georgia | 6. Rwanda |
| 2. Viet Nam | 7. Ghana |
| 3. PRC | 8. ? |
| 4. Mexico | 9. ? |
| 5. Senegal | 10. ? |

Ultimate selection to be determined by MDBs.

Broad principles for country selection to be agreed, to ensure synergies, operational efficiencies, non-duplication of efforts.

SECURING COMMITMENTS

Secure a commitment in the E-commerce JSI agreement at the WTO to adopt legislation consistent with the MLETR.	Secure a G20 commitment to align to MLETR through: <ul style="list-style-type: none"> • B20 recommendations • Targeted G20 advocacy to support B20 recommendations. 	Secure an agreement at the Commonwealth Heads of Government Meeting (CHOGM) through the B2B Cluster recommendations, supported by the business case developed with support by the Commonwealth Secretariat.	Secure a commitment from AfCFTA signatories to adopt legislation consistent with MLETR.	Secure a mechanism at the European Commission to support legislative alignment. *EU already committed support to E-commerce JSI proposal
86 WTO members	19 countries + EU	54 countries	31 AU member states	27 member states
 WORLD TRADE ORGANIZATION	 G20 INDONESIA 2022	 The Commonwealth	 AfCFTA Secretariat	 European Commission

LRAB Board Members are invited to contribute support to secure these commitments

CREATING A MONITORING FRAMEWORK



6.1. Open Discussion

Open Floor.

Are there elements missing? Useful metrics to include?



7. Charter Run-through

Governance structure
Competencies
Decision making



8. Next Steps + Any Other Business

