

Annex-C High Level Principles on Digitalization of Trade Documents

Background

1. In the current global trade environment, the reliance on paper-based documentation processes is prevalent across most jurisdictions. While such practices have traditionally served the needs of the sector, they are now recognized as time-consuming, labour-intensive and prone to errors. Digitalization of trade documents and processes to facilitate their exchange, therefore presents a transformative opportunity. It promises significant productivity and efficiency gains for businesses and governments, and reduced challenges to global trade for MSMEs, which in turn could increase GDP growth and improve supply chain resilience.
2. Traditional trade documentation processes are often mired in paperwork, leading to substantial costs in time and labour. In addition, processing of paper documents, such as the Bill of Lading involves numerous steps and exchange of hands making it inefficient and prone to errors. Digitalization can reduce these costs significantly. The delay in consignments clearance due to manual paperwork leads to further increased costs of logistics besides causing suboptimal utilization of logistics capabilities.
3. However, the transition towards paperless trade is not without challenges. Insufficient digital infrastructure, limited digital connectivity, high costs associated with digital tool adoption and a significant digital skills gap, particularly among MSMEs are major roadblocks. These obstacles could potentially slow down or even hinder the adoption of electronic trade documents.
4. Recognizing these challenges, yet also understanding the myriad benefits of transitioning towards digitalization, we, the G20 Trade and Investment Ministers, have identified a set of High-Level Principles for the Digitalization of Trade Documents¹. These principles serve as a guide for a successful transition towards a more efficient and accessible global trade ecosystem powered by digital technology. We, as G20 members, will make efforts to encourage their implementation and encourage other countries to consider these principles.

¹The Trade Documents covered by these Principles relate to international commercial transactions pertaining to transport, payments, insurance, storage, and related logistics services; the principles do not necessarily apply to government documents issued, controlled or required by a government authority for cross-border trade.

High Level Principles for Digitalization of Trade Documents

PRINCIPLE 1: NEUTRALITY

Digitalization initiatives for trade documents should remain unbiased towards any specific technology, software or system. The initiatives should ensure the immutability and interoperability of data for seamless communication and exchange across diverse systems.

PRINCIPLE 2: SECURITY

To ensure the security of data related to electronic trade document(s), the utilized technologies, including their related digital infrastructure should adopt robust encryption and other security protocols to protect data and the infrastructure concerned against physical damage and information security threats or data theft.

PRINCIPLE 3: TRUST

Technologies/frameworks based on transparent domestic rules and procedures should enable confidence, accountability and authentication for the generation and exchange/transfer of the electronic trade documents.

PRINCIPLE 4: INTEROPERABILITY

The utilized technologies, including their related digital infrastructure should aim to ensure interoperability and seamless exchange of electronic trade document(s) and related data between or among the transacting parties and other stakeholders. The desired interoperability should enable the use of a variety of existing technological systems, standards, document formats and frameworks.

PRINCIPLE 5: DATA PRIVACY

The utilized technologies should implement privacy enhancing technological features/solutions, and share the minimum data necessary for the generation/exchange of electronic trade document(s) and execution of business transactions between the transacting parties. Also, utilized technologies should comply with applicable data privacy rules/norms.

PRINCIPLE 6: RELIABILITY

The utilized technologies, including their related digital infrastructure should ensure the authenticity, immutability and validity of electronic trade documents.

PRINCIPLE 7: VOLUNTARY SHARING OF DATA

Sharing of electronic trade documents and related data should be voluntary with the informed consent of economic operators supplying data and only limited to the minimum data exchange necessary for the generation and exchange of documents, and execution of business transaction between the transacting parties in compliance with applicable domestic rules and regulations.

PRINCIPLE 8: COLLABORATION

The utilized technologies should provide adequate flexibility to facilitate reliance on the same electronic trade document by governments and competent authorities concerned, financial institutions, transacting parties, technology providers and other stakeholders.

PRINCIPLE 9: TRACEABILITY

The utilized technologies should provide a comprehensive audit trail of the transaction(s), in accordance with domestic regulations of electronic trade documents.

PRINCIPLE 10: SCALABILITY

To accommodate growth, shifting trade conditions and new technological developments, utilized technologies for the exchange of electronic trade documents must be scalable, and should be able to handle extensive data volumes and transaction numbers.