

Commonwealth Connectivity Agenda

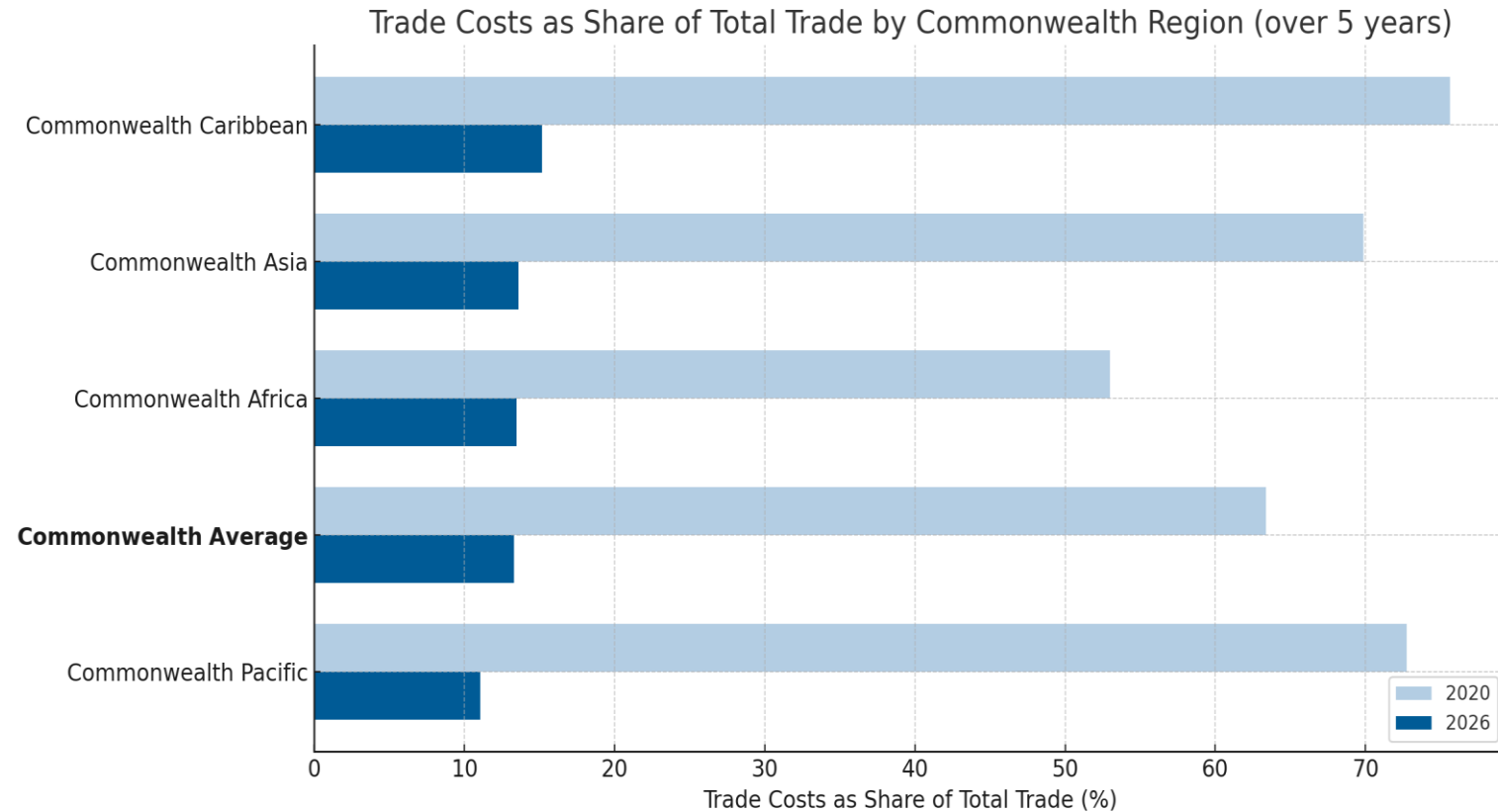
Regional experiences in establishing an enabling legal framework for paperless trade



The Commonwealth

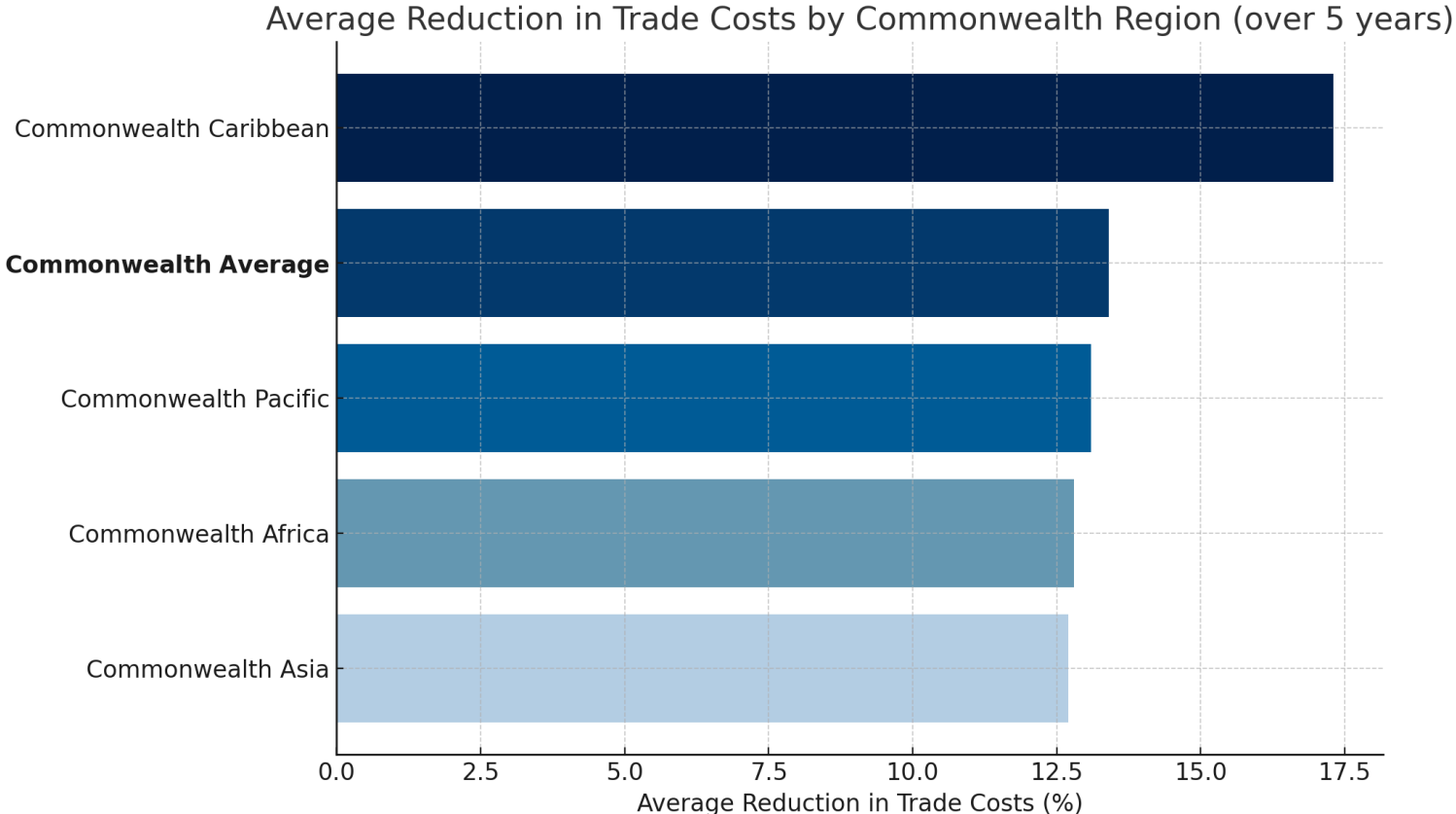
Rationale: Cost Reductions

Trade costs currently account for a **substantial share of total trade value** in many Commonwealth countries, particularly SIDS and LDCs. With full implementation of digital and paperless trade measures, these costs could fall **dramatically over five years**. The chart highlights how reforms can reduce trade frictions, with some regions potentially cutting trade costs from over **60% to under 15%** of trade value, unlocking real economic value and enhancing trade viability.



Rationale: Cost Reductions

On average, Commonwealth countries stand to reduce trade costs by **over 13%**, with the **Caribbean and Pacific** regions seeing the **largest proportional gains**. These reductions reflect not only lower administrative costs but also faster clearance, improved predictability, and enhanced competitiveness for exporters.



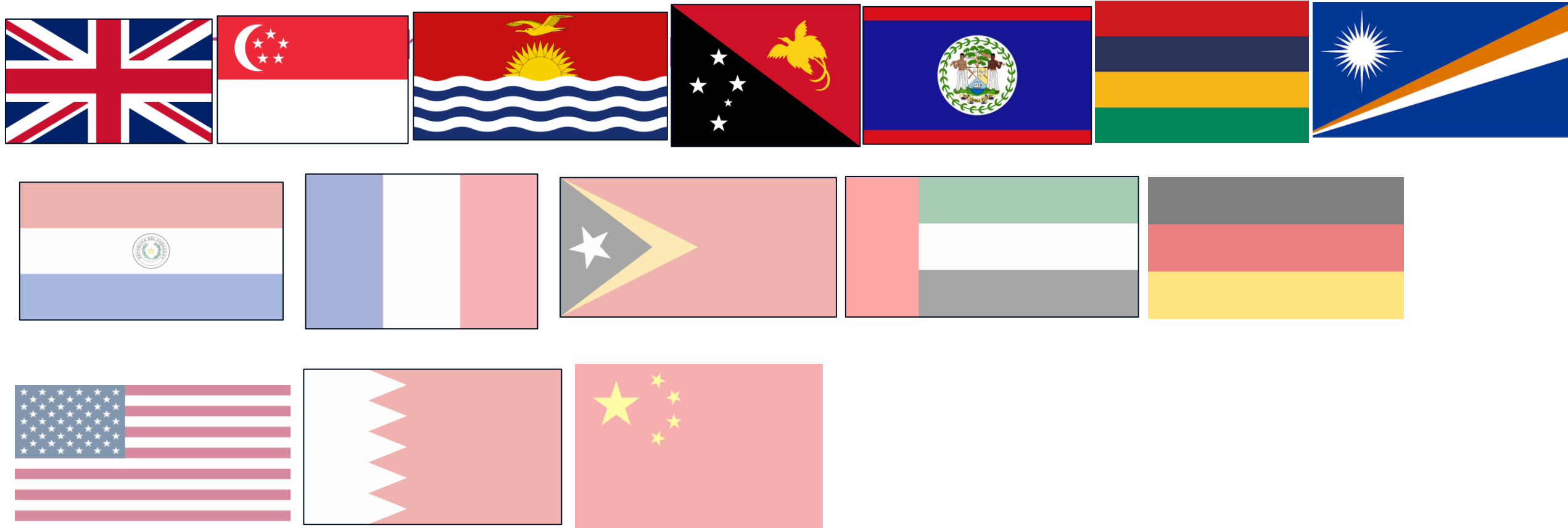
Rationale: Trade Gains

Around **US\$90 billion** could be added to Commonwealth trade if border and transportation costs, alongside the costs associated with the informal economy, could be reduced.

By combining the impact of cost reductions and greater access to finance, there could be as much as a **US\$1.1 trillion** increase in Commonwealth trade by 2026...

...bringing the total benefits from paperless trade to nearly **US\$1.2 trillion** by 2026...

Moving to Paperless Trade Across the Commonwealth



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The Commonwealth
Model Law on Digital Trade
and Guide to Enactment

 The Commonwealth
Connectivity Agenda

<https://thecommonwealth.org/publications/commonwealth-model-law-digital-trade-and-guide-enactment>

Commonwealth Model Law on Digital Trade

The Model Law provides rules that address the challenges of digital trade today and seeks to incorporate international best practice standards. It ensures that transactions can be done by digital means, including by automated systems and by smart contracts, with appropriate protections. There are also provisions on data protection, intended to supplement the recently adopted Commonwealth Model Legal Provisions on Data Protection from 2003.



Commonwealth Model Law on Digital Trade

The Model law provides a comprehensive legal framework that removes legal barriers to trade digitalise trade, aligns national laws to 4 UNCITRAL Model Laws. This will enable Commonwealth nations be more agile and resilient:

1. Governments - make trade cheaper, faster, simpler and more secure for SMEs
2. Companies - reduce cost and risk, increase efficiency and productivity, improve liquidity and profitability

Pillar 1: UNCITRAL Model Law on Electronic Commerce (MLEC)

Removes legal obstacles and increases legal predictability for businesses operating in the digital space by ensuring equal treatment of electronic and paper-based information

Pillar 3: UNCITRAL Model Law on Identity Management and Trust Services (MLIT)

Addresses legal obstacles to online identity management, regardless of the technology or business model used, by establishing a uniform set of legal rules

Pillar 2: UNCITRAL Model Law on Electronic Signatures (MLES)

Provides legal certainty of electronic signatures, promoting international harmonization of digital authentication practices

Pillar 4: UNCITRAL Model Law on Electronic Transferable Records (MLETR)

Enables the legal use of electronic transferable records i.e. bills of lading, bills of exchange, promissory notes and warehouse receipts

Foundational Principles



Functional Equivalence: Electronic data/documents should serve the same legal function as paper-based counterparts



Non-Discrimination: No legal disadvantage should arise solely due to electronic format



Technology Neutrality: The law avoids mandating specific technologies, allowing innovation



Interoperability: Promotes cross-border legal consistency and digital system compatibility

Electronic Form and Legal Validity

Sections within the Model Law ensure that documents in electronic form are valid for legal purposes, equivalent to paper documents for writing, signature, and retention

Legal requirements for writing, signatures, originals, and retention can be fulfilled electronically

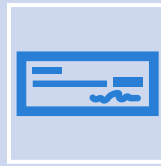
Parties may infer consent to use electronic means from conduct

Electronic versions of official forms are acceptable if they replicate the required format

Signatures and Trust Services



The Model Law recognizes electronic signatures and establishes criteria for their reliability



Electronic signatures meet legal signature requirements



Parties can choose preferred methods, however, governments may impose reliability standards



Foreign e-signatures and certificates are valid if they offer comparable reliability

Identity and Certification Services

The Model Law contains a framework for identity and trust management in digital trade ensures reliable identification and authentication

Identity Management Service Providers (IMSPs) can verify and certify digital identities

Duties are established for both IMSPs and their subscribers (e.g. breach notification)

Certification bodies may validate the reliability of trust and identity services.

Trust services include e-signatures, timestamps, seals, and archiving.



Communications and Contracting

These provisions legitimize the use of electronic messages and automated systems for forming and performing contracts

Governments can use electronic communications securely

Contracts formed through automated systems are valid

Smart contracts and machine-readable code-based agreements are supported

Input errors in human-machine communication can be rectified under specific conditions

Electronic Transferable Records

Implements MLETR by enabling the legal recognition of digital versions of transferable instruments (e.g., bills of lading, promissory notes)

Electronic transferable records (ETRs) carry the same legal effect as paper ones

The law supports the integrity, singularity, and transfer of ETRs

Foreign ETRs are recognized if they meet reliability standards

Reliability and Evidence

The Model Law emphasizes the importance of reliability as a legal standard for accepting digital methods


Reliability must be “as appropriate in the circumstances,” following UNCITRAL standards

Courts may consider compliance with recognized international or national standards

Electronic evidence cannot be rejected solely for its format

Data Protection and Closing Provisions

Includes provisions related to data holder responsibilities as well as conflicts of interest and provides mechanisms for future regulations

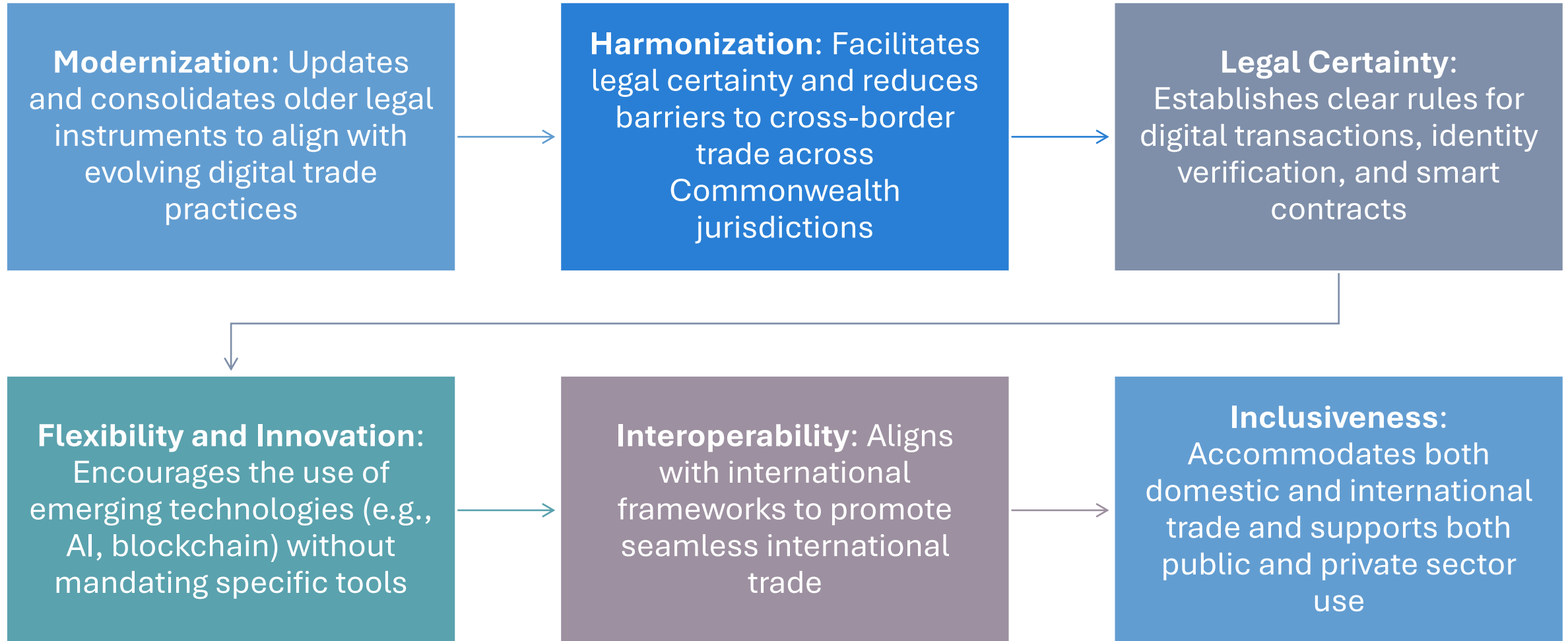


Data holders must ensure secure and appropriate handling of data



Legal powers for regulation-making and implementation are provided

Key Benefits of the Model Law



Working Group on Legal Reform and Digitalisation

Pilot Country Assistance

- **Conduct Legislative Gap Analysis**
 - **The Economic Impact can be drawn from the updated Quantitative Analysis Report**
 - **Desk Review of Legislative Ecosystem for E-Commerce: Benchmarking Exercise**
 - **Stakeholder Questionnaire/Survey**
 - **Conduct In-person and/or Virtual National Stakeholder Consultation**
 - **Prepare Draft Legislative Gap Analysis Report for Feedback**
 - **Conduct Validation Session and submit Completed GAP Analysis with Recommendations for Reform**
- **Policy and Legislative Drafting:**
 - **Prepare Draft Policy/ies based on areas prioritized by government**
 - **Laws drafted in alignment with MLETR and Commonwealth Model Legislative Text on Digital Trade**
 - **Conduct public sector and industry sensitization sessions to allow for smooth implementation of laws**
 - **Assist in the establishment of local multi-stakeholder taskforce to assist with effective transition**



THANK YOU!



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