

MLETR adapting (eBL) Legislation and Digital Trade Platform Development by “TradeWaltz” and government in Japan

SEP 11th , 2023

Satoru Someya, COO of TradeWaltz Inc.

(Japanese committee of UN/CEFACT)

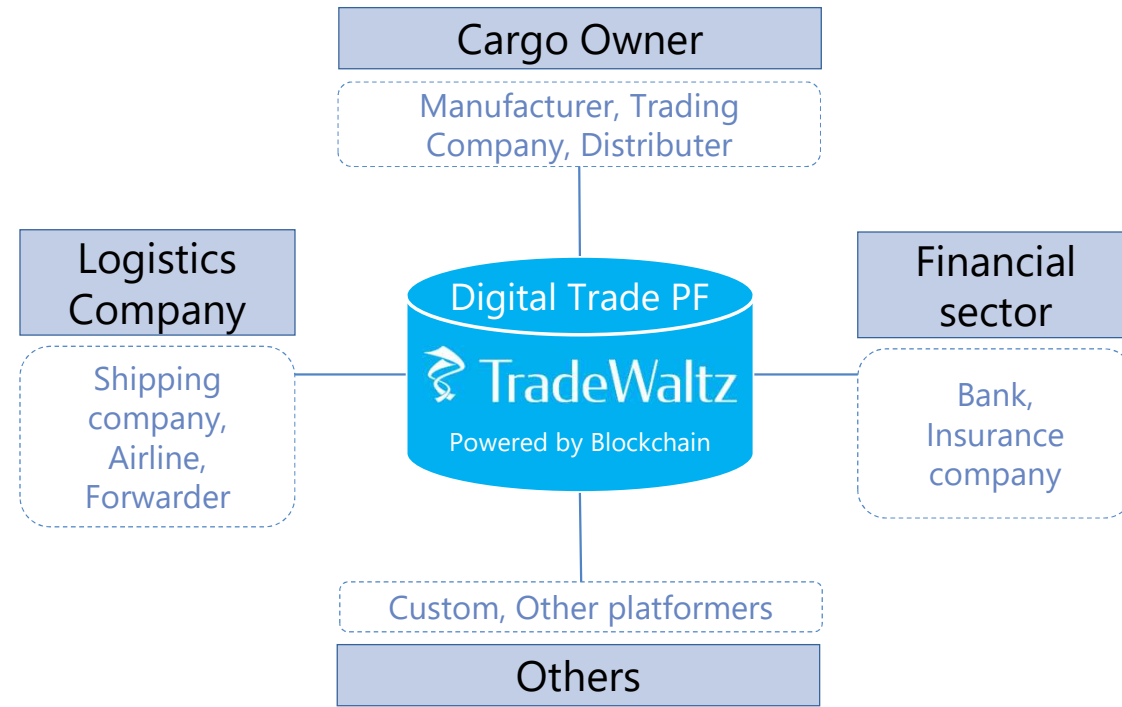
info@tradewaltz.com

 TradeWaltz

Company Overview

Company Name	•TradeWaltz Inc
Representative	•Hirohisa Kojima, President & CEO
Date of Establishment	•April 1, 2020
URL	• https://www.tradewaltz.com
List of 16 Shareholders (Cumulative total investment 5.65 billion yen)	NTT DATA Corporation Toyota Tsusho Corporation UTokyo Innovation Platform Co., Ltd. Sumitomo Corporation Mitsubishi Corporation TW Link Corporation(Joint Venture of Kanematsu Corporation) Tokio Marine & Nichido Fire Insurance Co., Ltd. Toyoshima & Co., Ltd. Kamigumi Co., Ltd. FUJITRANS CORPORATION Mitsui-Soko Holdings Co., Ltd. Nissin Corporation MUFG Bank, Ltd. Marubeni Corporation Mitsubishi Logistics Corporation Sompo Japan Insurance Inc.
Mission	•Create the Future of Trade
Business Activities	•Provides and operates digital trade platform "TradeWaltz®" as SaaS

Trade DX startups undertaken by industry, government, and academia ALL JAPAN

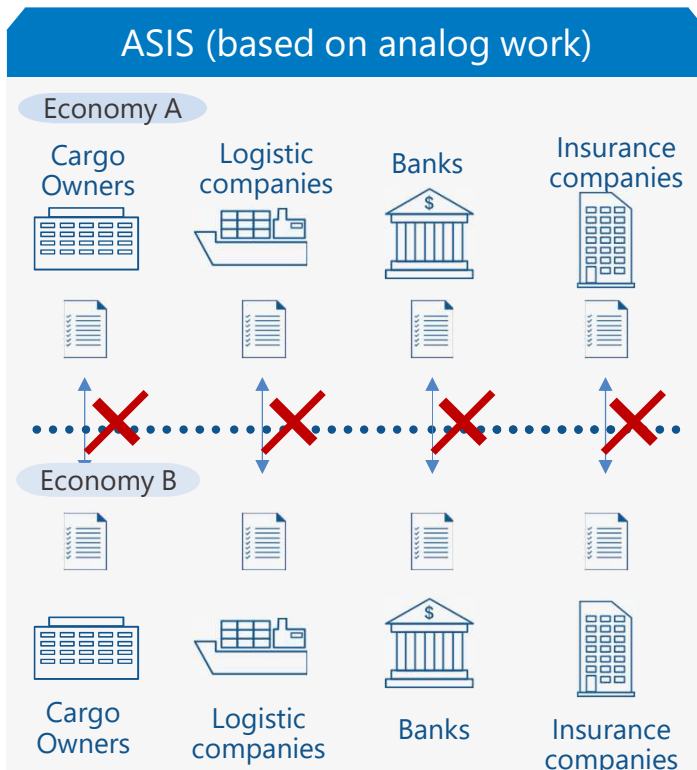


Digitizes analog operations of trade utilizing blockchain technology

Target Issue

» Analog procedures in trade cause many problems and need to be digitized.

On daily trade operation, many business-to-business (B2B) exchanges are still paper or PDF based, and a great deal of time is spent on retyping data and other manual works, which cause human errors.



1 Inefficiency

▶ **72 hours** : Import and Export in Japan

**235 hours in ASEAN countries, 111 times longer than the one of EU (digitalized)

Ref) World Bank Research

2 Analog work cost

▶ **342 USD** / Trade in Japan

Ref) World Bank Research

3 Unclear status of Inventory & Logistics

▶ There's no platform which can store all data of relevant trade

Ref) user interview

4 Lack of human resources with customs knowledge

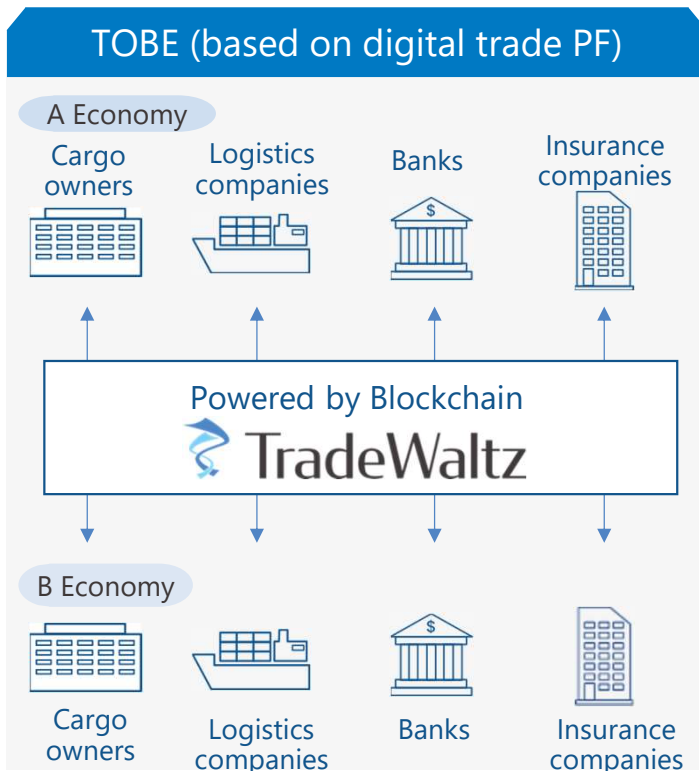
▶ In Japan, low birthrate and aging population impacts on labor market.

Ref) user interview

Solution

» TradeWaltz is a B2B communication DX platform to solve those challenges.

TradeWaltz is a cross-industrial business to business (B2B) trade platform utilizing blockchain technology and facilitates trade practitioners to do trade operation.



1 Cut time

▣ **47%** in Japan

*60% in ASEAN economies
ref) Figure for Japan is based on actual usage. Overseas is PoC results in 2022.

2 Cut cost

▣ **44%** in Japan

ref) the result of PoC in 2018-2019

3 Clear status of inventory and logistics

▣ All information is concentrated in TradeWaltz dash board.

Ref) User interview

4 No need for special knowledge

▣ System supports compliance checks and applications, allowing everyone to participate in trade operation.

TradeWaltz's consortium approach to law and system development

Cross Industrial Trade Consortium has established since 2017 for trade digitalization

	Big Participating Companies (as of March. 2020)
Banks	MUFG Bank, Ltd.
	Sumitomo Mitsui Banking Corporation
	Mizuho Financial Group, Inc./Mizuho Bank, Ltd.
Insurance Companies	Tokio Marine & Nichido Fire Insurance Co., Ltd.
	Sompo Japan Nipponkoa Insurance Inc.
	Mitsui Sumitomo Insurance Company, Ltd.
Cargo Owners	Sumitomo Corporation
	Mitsubishi Corporation
	Sojitz Corporation
	Toyota Tsusho Corporation
	Marubeni Corporation
	Itochu Corporation
	Kanematsu Corporation
	Mitsui & Co., Ltd.
Carriers / Logistics Companies	Kawasaki Kisen Kaisha, Ltd.
	Nippon Express Co., Ltd.
	Nippon Yusen Kabushiki Kaisha
	Ocean Network Express Pte. Ltd.
Secretariat	NTT DATA (Blockchain Expert)

Activities (2017)

- Identification and sharing of cross industrial business issues
- Created TradeWaltz prototype
- Proof of concept with NTP Singapore

Activities (2018)

A series of requests for legal revisions of eB/L were made by Trade Consortium.

- Research on AI and semantic technology for L/C document check
- Proof of concept in Japan and Thailand
- **Research on relevant laws (MLETR) and submission of written request to government agencies**

Activities (2019)

Based on requests above, Keidanren solicited legal reform to Ministry of Justice.

- Release of pilot version
- Thailand set digital trade as ASEAN agenda
- Trial deployment in Thailand involving 24 companies

Activities (2020)

- Announcement in World Economic Forum 2020 sideline event
- Started commercialization



(FYI) Progress of electronic B/L legislation around the world

These countries already introduced eB/L

MOMENTUM AS OF NOVEMBER 2021

JURISDICTIONS THAT HAVE ADOPTED MLETR



Bahrain, 2019



Singapore, Feb 2021



ADGM, Feb 2021



Kiribati, Sep 2021



Belize, Sep 2021

JURISDICTIONS IN THE PIPELINE



Paraguay



United Kingdom



Papua New Guinea



Trinidad & Tobago

E-COMMERCE JOINT STATEMENT INITIATIVE

- UK and Singapore 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.

Progress of electronic B/L legislation in Japan

The Trade Consortium has proposed the amendment of “Electronic Bill of Lading” law and the Legislative Council started to consult on the matter.



In April 2022, the Legislative Council’s Subcommittee on Commercial Law was established and is currently discussing the direction and outline of the bill.

(Mr. Shinya, non-executive director of TradeWaltz, is participating as a secretary of the Subcommittee.)

■ Schedule

FY2023. March	Interim draft compiled
FY2023. May	Public Comments
FY2023.Autumn	Outline of the bill completed, Legislative Bureau review thereafter
FY2024-25	Parliamentary submission
FY2025-26	Promulgation
FY2027	Enforcement

Since it is likely to take a little while before the law comes into effect, we will continue to work on eB/L with a view of using Singaporean law.

Service launch and penetration of the digital trade platform "TradeWaltz"

Paid User

Released in April 2022

※As of September 2023

65 Companies are using

Example of Japanese corporate users
(in Japanese alphabetical order)

Cargo owners

KANEMATSU CORPORATION Toyota Tsusho Corporation FUJIFILM Logistics Co., Ltd.

Mitsubishi Corporation Fashion Co., Ltd. Mitsubishi Corporation Plastics Ltd.

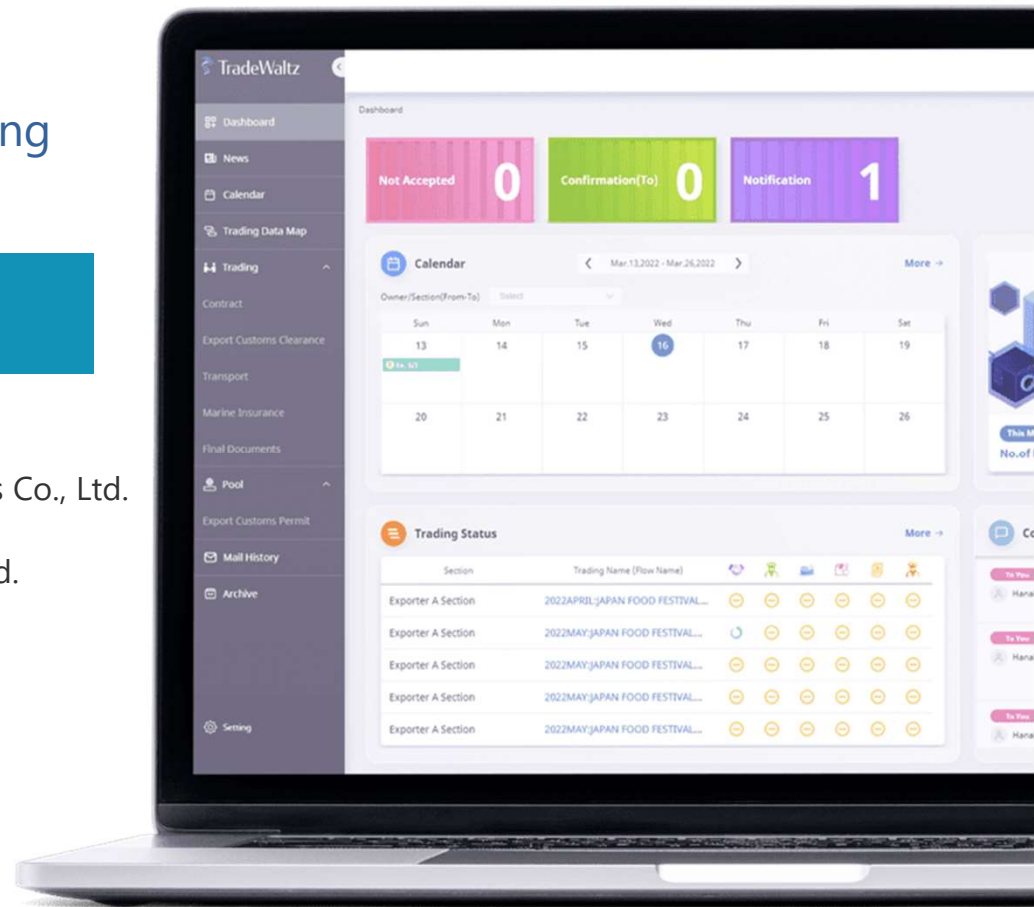
Banks

MUFG Bank, Ltd.

Logistics companies

Kintetsu World Express, Inc. Nishi – Nippon Railroad Co., Ltd.

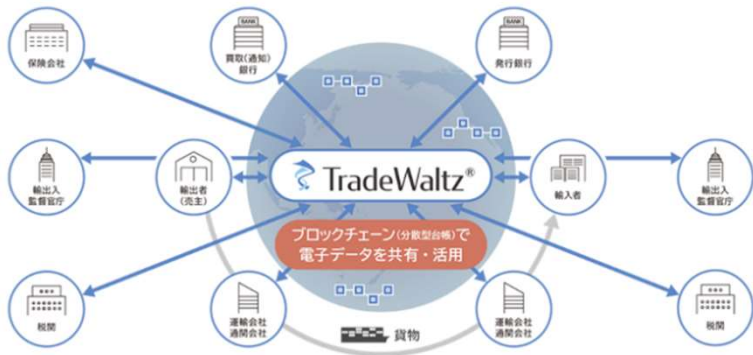
NIPPON EXPRESS CO., LTD. HANKYU HANSHIN EXPRESS Co., Ltd.



Support from the Government

» Cabinet approved "Digitalization of Trade Procedures" in the "New Capitalism" policy.

In June 2023, "digitalization of trade procedures" was listed for the first time in the government's priority measures - the "Basic Policy" and "New Capitalism" - and was approved by the Cabinet. The Cabinet will now formulate and implement measures across government ministries and agencies.



「貿易手続きの電子化」が2023年度政府重点施策「骨太の方針」
「新しい資本主義のグランドデザイン及び実行計画」に **記載**

■ 2023年度「骨太の方針」と「新しい資本主義」への記載内容

実際に記載された内容は下記の通りです。

経済財政運営と改革の基本方針/骨太の方針 2023（2023年6月16日閣議決定）より抜粋

（対外経済連携の促進、企業の海外ビジネス投資促進）

貿易手続きを含むデジタル化、サプライチェーンの強靱化、質の高いインフラ、水循環・水防災、女性等の分野でも取組を進める。上記の取組やスマートシティ等を始め、相手国ニーズに応じた案件形成支援の強化など、インフラシステム海外展開戦略に基づく施策を着実に進める。国際市場の拡大を図るため、幅広い分野で国際標準戦略を推進する。

（全文：https://www5.cao.go.jp/keizai-shimon/kaigi/cabinet/honebuto/2023/2023_basicpolicies_ja.pdf）

新しい資本主義のグランドデザイン及び実行計画 2023（2023年6月16日閣議決定）より抜粋

1 イノベーション環境・インフラの整備

企業立地に向けた土地利用・インフラ制約の解消のため、重要産業に係る工業用水等の産業インフラ整備、土地利用調整の円滑化等による産業用地の整備等を進める。あわせて、貿易手続き電子化によるサプライチェーンの効率化・強靱化を進める。

（全文：https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/pdf/ap2023.pdf）

Global Activity of TradeWaltz

» PF linkage and offering in ASEAN / APEC

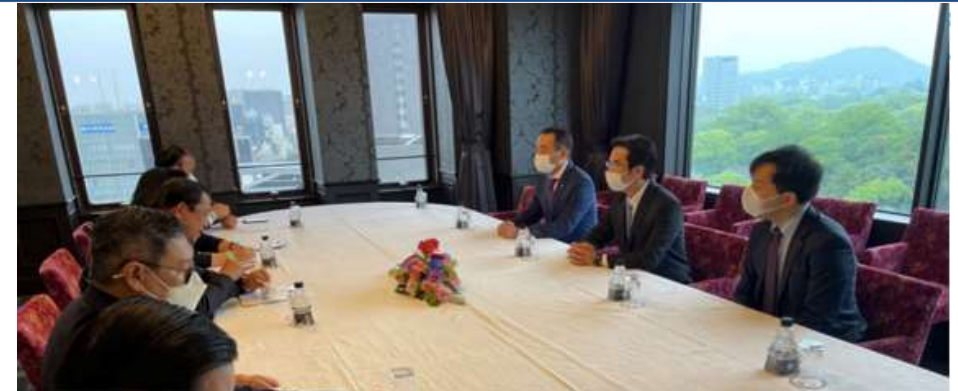
- **PF collaboration with Thailand, Singapore, Australia, and New Zealand** is completed as a national project of APEC / METI's "Indo-Pacific Region Supply Chain Resilience Project."
- TradeWaltz continue the **expansion to the entire ASEAN region**, offered to Prime Minister Hun Sen of Cambodia, the chairing country of ASEAN for support, and a positive response was received in 2022.

Expansion to APEC 4 countries and users



<https://www.tradewaltz.com/en/news/991/>

Request to Prime Minister Hun Sen for Expansion to ASEAN 10 countries



ASEAN議長国カンボジア

フンセン首相と TradeWaltz 会談

<https://www.tradewaltz.com/en/news/745/>

Global Activity with government policy

» On August 22, 2023, the ASEAN-Japan Economic Ministers' Meeting was held and the ASEAN-Japan Economic Co-Creation Vision, a grand design for ASEAN-Japan relations for the next 50 years, was announced.

In this context, digitalization of trade procedures utilizing blockchain technology is proposed.

<https://www.meti.go.jp/press/2023/08/20230822005/20230822005.html>

ASEAN-Japan Economic Co-Creation Vision

4 Four pillars of action to realize the vision

4.4 ' Strengthening cyber-physical connectivity' through the development of physical and institutional economic infrastructure to build a seamless logistics network that will form the basis for the development of the ASEAN economies

- Therefore, in terms of strengthening institutional connectivity for the development of the ASEAN-Japan economic infrastructure, ASEAN and Japan will take advantage of blockchain technology to promote the digitalization of trade procedures for the entire logistics, commercial, and financial flows to build resilient and highly efficient supply chains.

Global Activity with UN/CEFACT

» We proposed an international data standard at the United Nations to digitally connect trade procedures around the world.

On May 11, 2023, we were invited to the annual forum of "UN CEFACT", which defines international standard data items for trade. We made proposals for improvements to UN CEFACT at the UN European Headquarters in Geneva, Switzerland. With Japan's involvement, there is a possibility that the world's trade rules will change.



40th UN/CEFACT Forum

[Trade](#) > [UN/CEFACT](#) > [UN/CEFACT Forums](#) >

08 May (9:30) - 12 May (17:30) 2023

Palais des Nations, Geneva, Switzerland

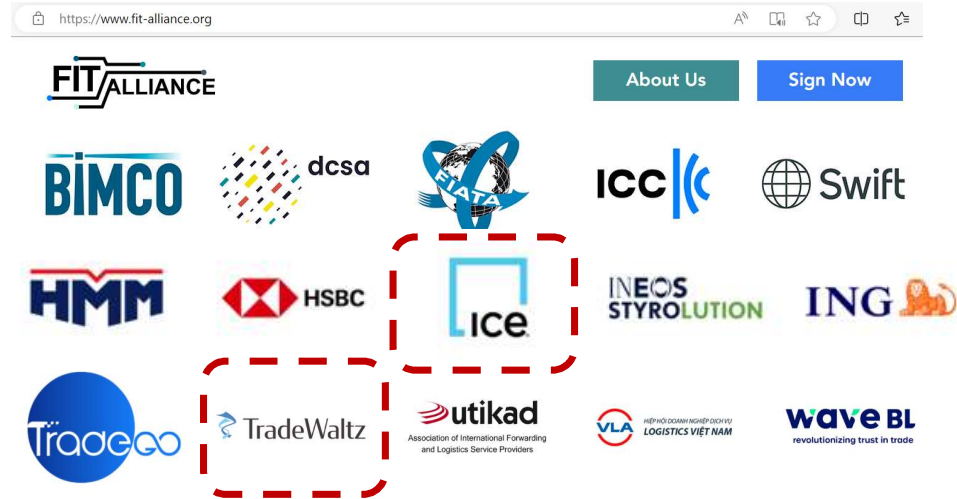


Rising eBL expectations and response of TradeWaltz

➤ Requests for eBL (ICE, etc.) support are increasing from the Mining Industry, etc.

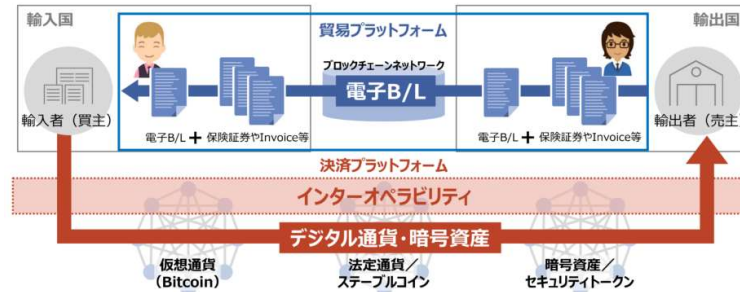
- We have been in conversation with ICE (ESSDOCS), Bolero, CargoX etc., and it is time to **strengthen eBL platform collaboration**
- In the past, we have successfully used **smart contracts that utilize BL data to make digital currency payments**, etc., and we are looking to create added value.

Join to FIT Alliance
eBL promoting committee



<https://www.fit-alliance.org/>

Digital currency payment service
crossed B/L data with financial blockchain

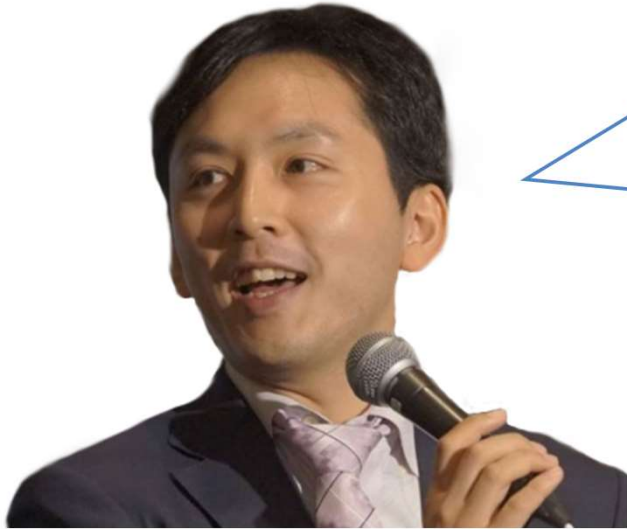


The world's first successful PoC of a digital currency payment that crosses the trade blockchain and financial blockchain

<https://www.tradewaltz.com/en/news/465/>



Acknowledgements



**Thank you for listening.
If you have any questions, please feel free to contact us
at the address below.**



TradeWaltz

info@tradewaltz.com

Satoru Someya

Executive Officer COO, CMO, Head of Global & Alliance business dept, etc
TradeWaltz Inc

- UN CEFACT Japan Committee - Steering Committee Member
- Member, Japan Committee, International Chamber of Commerce
- Member of the Working Group on Trade Sector Data Linkage, Ministry of Economy, Trade and Industry (METI)



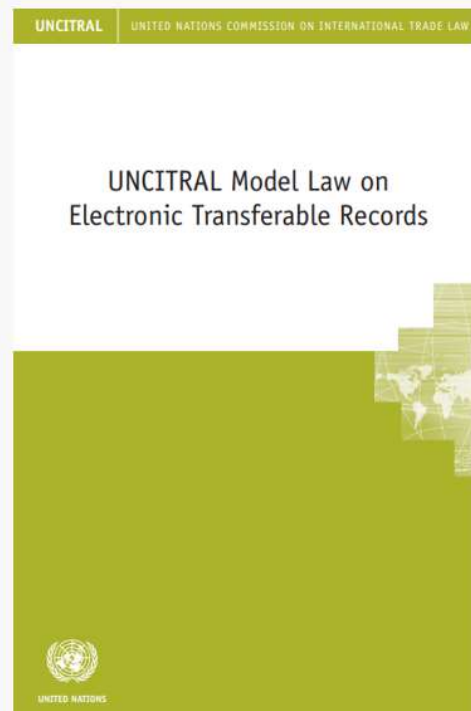
Appendix

(FYI) Progress of electronic B/L legislation around the world

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.

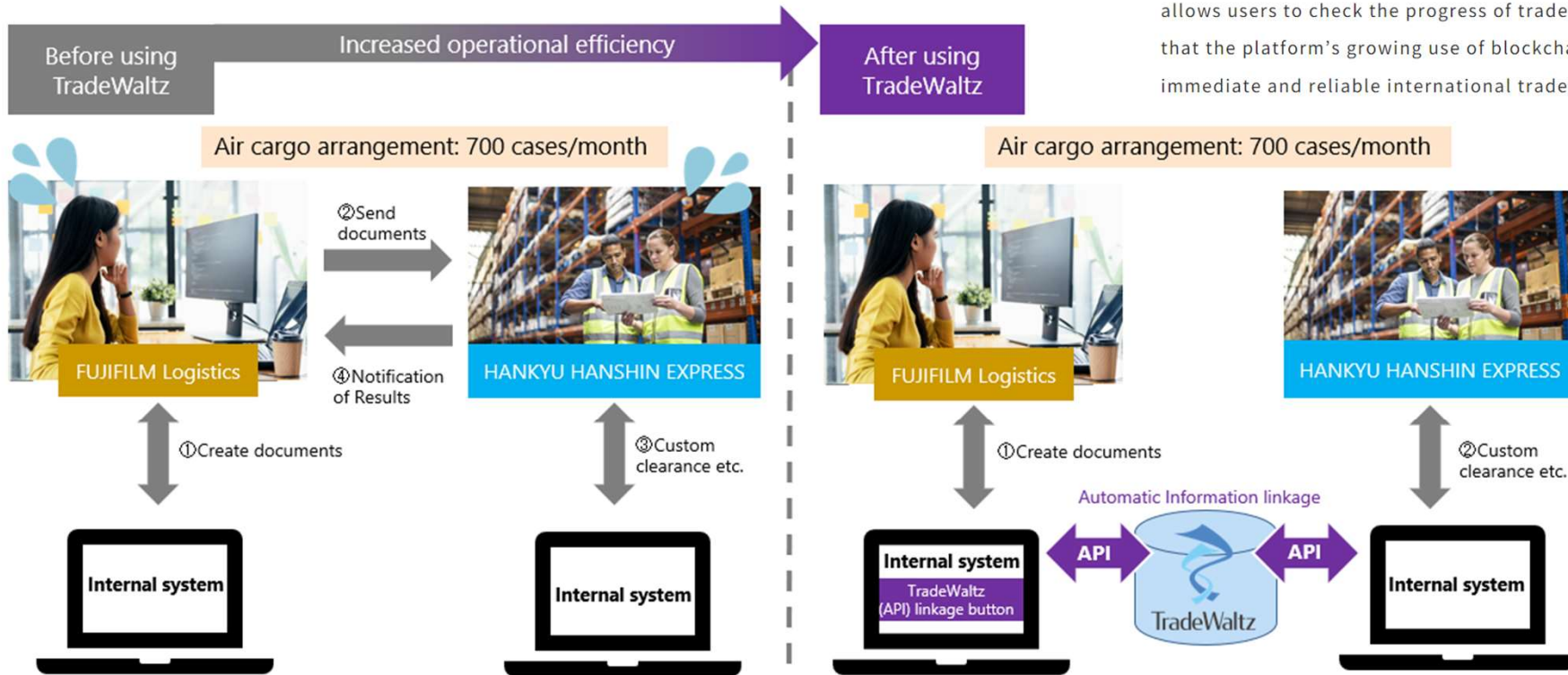


(FYI) Customer's feedback

Voice from FUJIFILM Logistics

Streamline information linkage between shippers and logistics companies

<https://www.tradewaltz.com/news/4594/>



[Comments from stakeholders]

(User of the commercial version) Tadashi Mitsui, CEO of FUJIFILM Logistics

The introduction of TradeWaltz has greatly reduced the time we used to spend mailing paper-based documents and proceeding them and has also freed us from simple tasks such as inputting them into our system. By expanding the scope of applications of TradeWaltz and promoting BPR, we can reduce person-hours required for trade operations by approximately 50% by FY2026. In addition, we aim to reduce lead times by two-thirds, thereby improving shippers' cash conversion cycles.

TradeWaltz could be a revolutionary tool for strengthening global SCM, as it allows users to check the progress of trade operations in real-time. We expect that the platform's growing use of blockchain technology will help realize immediate and reliable international trade operations in the future."

Overseas expansion: Promoting overseas introduction of TradeWaltz

- » For countries that do not have a trade platform, TradeWaltz will actively implement overseas expansion of TradeWaltz with local private companies. For Vietnam, the project was mentioned in a meeting between Japanese Minister Kajiyama and Vietnamese Minister Tran Tuan Anh in August 2020, also in 2022, comments were made during Prime Minister Kishida's visit.



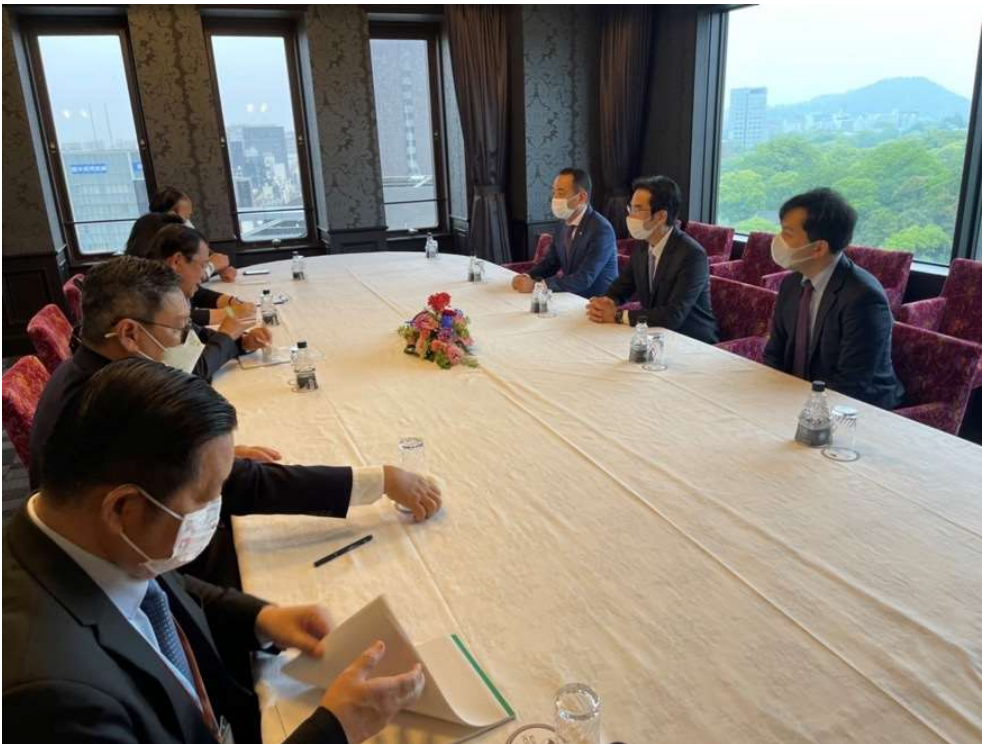
Statement by Prime Minister Kishida

Digital transformation is expected to enable Japan and Vietnam to cooperate in solving social and economic challenges in a wide range of fields.

For example, both the Japanese and Vietnamese private sectors have begun working together to improve efficiency by digitizing trade procedures that were previously conducted on paper.

Overseas expansion: Promoting overseas introduction of TradeWaltz

- On April 23 2022, we met with Prime Minister Hun Sen of Cambodia, the ASEAN chair country, and offered our support for the expansion of TradeWaltz to whole of ASEAN and to Cambodia. We received a positive response, stating that Minister Sokchenda would be the contact person in charge of the Cambodian expansion.



Related Press Releases

- [Khmer News Paper:Prime Minister's Movement \(1\)](#)
- [Khmer News Paper:Prime Minister's Movement \(2\)](#)
- [Prime Minister Hun Sen-san: Official Facebook](#)

Overseas expansion: APEC Collaboration

» TradeWaltz succeeded for 5 economies trade PFs system linkage in APEC 2022.

TradeWaltz has launched a project to connect with trade PFs in APEC member economies Thailand, Singapore, Australia, and New Zealand to communicate trade information across borders and has successfully connected at the system level as of today.

System Linkage
Image in 2022



Overseas expansion: APEC Collaboration

» Thailand PoC (<https://www.youtube.com/watch?v=vljckYDImAA&feature=youtu.be>)

ABAC 2022 / ASEAN-BAC 2022

Advancing Digital Trade Transformation
by Connecting National Digital Trade Platform

NDTP, TradeWaltz Inc.

Overseas expansion: APEC Collaboration

» Japan – APEC supply chain upgrading through TradeWaltz

Visualization of inventory and distribution routes of essential products such as masks and pharmaceuticals between the two countries will deepen the resilience of the supply chain, including security.



Overseas expansion : APEC Collaboration

» In April 2023, a task force was established in APEC to expand the 5-nation partnership to a 10-nation partnership. Thailand and Japan are leading the effort.

Hong Kong and the Philippines have already announced their participation..

APEC Asia-Pacific Economic Cooperation

Utilizing Digital Technology in the Field of Trade Facilitation under the Current COVID-19 Pandemic and Beyond: Best-Practices Sharing Workshops
~ 1st Workshop – Trade Facilitation through Trade Platforms ~

National Digital Trade Platform ("NDTP") from Thailand

NTP from Singapore

TradeWaltz from Japan

TradeWindow from New Zealand and Australia

TradeWaltz's Vision for 2022
Live-link with the trade platforms of 5 economies

5 countries -> 10 countries

Digital Trade Connect Taskforce Formation

Taskforce Name: Digital Trade Connect Taskforce ("Taskforce")

Sponsoring Organization: Asia Pacific Financial Forum (APFF)

Taskforce Lead: Mr. Kobsak Duangdee

Taskforce Members: Country representatives from APEC Business Advisory Council (ABAC) – suggest each country has one person as the country lead. He/she can have the country's taskforce team as required/appropriate.

Roles and Responsibilities:

1. Drive international trade digitization/digitalization in your own country which may include:
 - a. Identify the elements which are already available e.g. platforms whether private sector or government, enables, rules/laws
 - b. Discuss with relevant stakeholders including the relevant government to identify appropriate model and collaboration in the country
 - c. Form a working group to agree on the plan and drive execution as agreed
2. Share status, development, and progress of own country to the Taskforce
3. Work with other Taskforce members on the collaboration and x-border connectivity
4. For ASEAN members, be the center for contact to facilitate and work with MURC on the AMEIC Digital Trade Connect study

Roadmap:

By July 2023	Complete the set-up of the Taskforce
[By September 2023]	Finalize the Taskforce Roadmap and activity plan

6

Future plan

» We will contribute to the Resilience of Supply Chains in the Indo-Pacific Region .

2022 Diffusion in Japan
APEC-ASEAN collaboration

2023- Contribution to trade digitization
in the Indo-Pacific region



Japan Contributes to the Resilience of Supply Chains in the Indo-Pacific Region

Scope	Effect	Improvement of Toughness	Other effects
Digitalization	Manpower saving	Maintain and improve supply chain despite population decline	<ul style="list-style-type: none"> ✓ Promotion of exports by SME ✓ Industrial competitiveness ✘ Already announced at APEC
	Remote work available	Ability to continue operations from home in the event of conflict or pandemic (BCP)	
BlockChain	Decentralized Ledger Technology	During Japan's data crisis, the right data exists overseas	
Distribution Channel	Visualization of information Product, credit info etc.	Enables efficient search for alternative merchandise when daily necessities such as masks run out	<p>Contribution to Sustainability</p> <ul style="list-style-type: none"> ✓ Efficiently measure GHG SCOPE3 (CO2 emissions in the logistics portion) from trade data by transport weight x transport distance x emissions intensity ✘ Proven at APEC
Logistics Channel	visualization of information Inventory, logistics route info etc.	Search for the stock status of daily necessities such as masks when they run out, and the best routes for importing them	
Financing Channel	Diversification of payment methods Digital Currency Settlements etc.	Enables settlement in the event of hyperinflation that reduces the value of the local currency, as happened in Venezuela in 2021	<ul style="list-style-type: none"> ✓ Supply chain finance for SMEs will reduce the financial burden and promote exports