



# The UK roadmap to digitalise trade

Version 2.0

## Purpose

The roadmap provides a simple, high-level framework within which all actors across the public and private sectors understand how to play an active role in digitalising the trading system. The roadmap sets out the key pillars of work needing to be undertaken, which actors are responsible for each pillar, the key challenges, how trade will operate in the future and what needs to be done to make this future a reality.

The future is a trade system that is cheaper, faster, simpler and more sustainable. A system that is both paperless and frictionless, where finance is more accessible and more SMEs gain access to trade opportunities.

This is version 2.0 of the Digital Trade Roadmap, originally published in 2017.

# The economic prize

For all governments with stretched public finances post pandemic but seeking low cost, high return solutions to driving economic growth, digitalisation provides a practical solution.

The digitalisation of commercial trade documents will deliver a wide range of economic benefits including cost reduction, efficiency savings, a reduction in bureaucracy and the ability to deliver a paperless, frictionless trade system. ICC and Commonwealth studies estimate the benefits of digitalising commercial trade documents as follows.

## International benefits

- ✓ \$9 trillion in trade growth across the G7, including \$6 trillion in SME export growth
- ✓ \$1.2 trillion in trade growth across The Commonwealth — \$2 trillion if combined with the digitalisation of customs and trade facilitation
- ✓ 80% reduction in trade transaction costs
- ✓ A reduction in cross border compliance processing time from 25 days to 1 day

## Additional UK benefits

- ✓ £25 billion in SME trade growth across the UK
- ✓ £1 billion in new trade finance — 50% of the UK trade finance gap
- ✓ £225 billion in efficiency savings

# 3 pillars of work

requiring action from industry and government

## Implementation

ICC is calling on industry and governments to:

Adopt/implement open systems and interoperable legal, rules and standards frameworks across all trade platforms, systems and processes

Work together in partnership to ensure there is consistent implementation across the trade system

## Standardisation

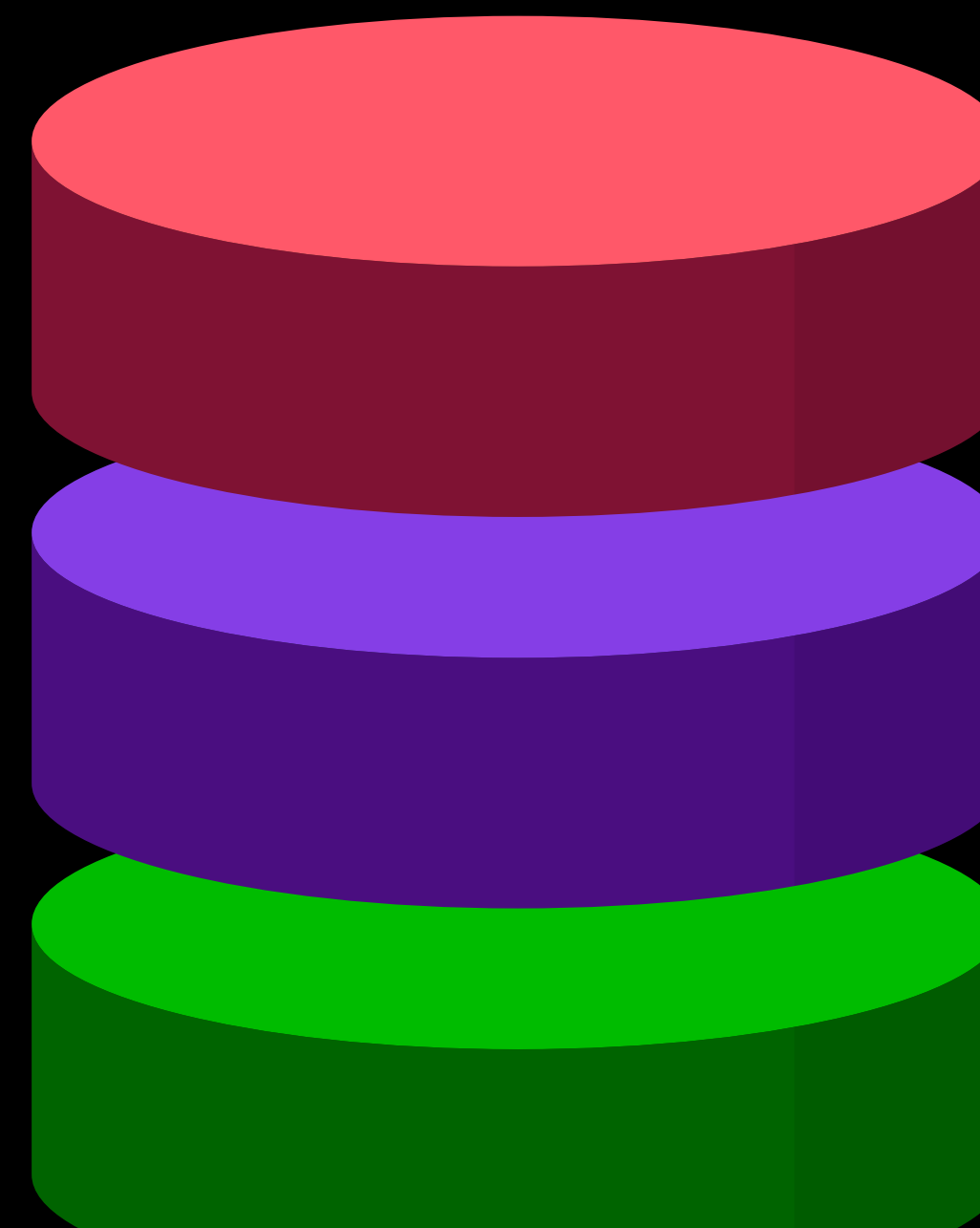
The ICC Digital Standards Initiative is working with international standards bodies and industry to agree a common, interoperable standards framework across the digital trade ecosystem

## Legal reform

The ICC Digital Standards Initiative is calling for all governments to:

Amend national laws to accept commercial trade documents in digital form

Align legal systems to the UNCITRAL Model Law on Electronic Transferrable Records [MLETR], the global framework for handling commercial trade documents in digital form



## Today

The system is inefficient, costly and complex.

**Antiquated laws** — systems are heavily paper-based and commercial trade documents are not accepted in digital form and There are up to 27 documents in a typical trade transaction

- 4 billion paper based documents flow through the trade system at any given time
- Less than 1% of bills of lading are in digital form
- Legal systems don't interoperate
- The average trade transaction time is 2–3 months

**Fragmentated environment** — digital systems, processes and platforms don't connect and interoperate so information can't flow between actors in standardised formats

- The environment is full of disconnected 'digital islands'
- Technology solutions are unable to scale effectively across borders

**SMEs are unable to access finance**

- The UK trade finance gap is £2 billion
- The global trade finance gap is \$1.7 trillion

## Future

Trade is cheaper, faster, simpler and more sustainable.

Trade is paperless and frictionless — all trade documents are handled in digital form

Trade platforms, systems and processes are fully interoperable — information is flowing in standardised form across borders between the public and private sector

Trade finance gap is reduced 50%

Trade transaction costs are 80% cheaper

Average cross border compliance processing time is 1 day instead of 25 days

Atomic settlement on borders — payment happens automatically when goods cross the border

Smart technology solutions are reducing the burden of KYC and AML bureaucracy and tackling fraud

Smart contracts are the norm

Transparent, real time data enables trade to become more sustainable

## Action plan

In the UK, the ICC Centre for Digital Trade and Innovation provides an impartial forum to coordinate and accelerate digitalisation.

Remove legal barriers to digitalise commercial trade documents — implement Electronic Trade Documents Bill

Implement interoperable standards across all platforms, systems and processes — set out in the WTO/ICC Standards Toolkit

Implement the ICC Uniform Rules on Digital Trade Transactions [URDTT]

Test and pilot the application of interoperable digital standards — trade corridors, transactions, port to port systems

Adopt a legal entity identifier and encourage supply chains to do the same

Skill up the workforce — learn how to utilise technology solutions

Generate more research and evidence on barriers to digitalisation

Apply smart technology solutions to tackle fraud

Digitalise all trade corridors



**ICC United Kingdom is the representative voice for ICC in the UK and provides a mechanism for UK industry to engage effectively in shaping international policy, standards and rules.**

We are the leading voice on digital trade ecosystems, act as the ICC representative to the Commonwealth and Co-Chair the Legal Reform Advisory Board at the ICC Digital Standards Initiative.

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**#WeAreICC**

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