

Trade

## First Cross-Border Paperless Trade between China and Singapore Successfully Piloted

On 19 October 2023, the first live digital trade between China and Singapore was completed by Singapore's Infocomm Media Development Authority ("**IMDA**") and the Beijing Two-Zone Office (comprising the Office of the Leading Group for the Work of the China (Beijing) Pilot Free Trade Zone and the Integrated National Demonstration Zone for Opening up the Services Sector).

The pilot involved COFCO Industrial Food, a China-based food exporter, shipping a container of canned food to Yit Hong, a Singapore-based food distributor. Significantly, the shipment used an electronic Bill of Lading ("**eBL**") enabled by IMDA's blockchain-based TradeTrust, which allows for digital trade documents to be authenticated, provenance traced, and digitally processed to mitigate fraud risks. Using AEOTradeChain (a trusted trade cooperation network launched by the Beijing TradeTech Alliance), the paperless trade transaction across the border was successfully carried out by all participating companies in China and Singapore.

This successful pilot signals two noteworthy firsts, being (i) the first end-to-end digitally processed maritime shipment using an eBL through the TradeTrust framework, and (ii) the first eBL that was transacted across different systems in a decentralised manner. The digital transformation of the shipping and export processes is expected to result in significant improvement in terms of business operation costs and document-processing efficiency.

The partnership between the Beijing Two-Zone Office and IMDA stands as a major milestone for China in aligning with international high-level economic and trade agreements, such as the Digital Economy Partnership Agreement (DEPA), and actively exploring practical cooperation with Singapore in driving trade digitisation. Looking ahead, the two organisations intend to facilitate other trade digitisation pilots to work towards the decentralised digitisation of transferable documents such as eBLs, as well as foster the use of an open, neutral and trusted framework for cross-border trade and trade financing processes.

This is not the first time IMDA's TradeTrust framework has been up to the challenge of executing a transaction in paperless, cross-border trade. In March 2023, the TradeTrust framework similarly pushed the boundaries of digitalisation by [successfully executing the world's first live electronic transferable record](#) with ExxonMobil for the export of cargo from Singapore to Thailand.



## Trade

Significantly, the successful pilot marks another step towards the establishing that the TradeTrust framework is a "reliable" method of identifying, controlling and retaining the integrity of records – which are the required factors under the existing framework under Section 16H(1) of the Electronic Transactions Act 2010 ("ETA 2010"), which was passed to give effect to the equivalent Article 10 of the UNCITRAL Model Law on Electronic Transferable Records ("**Model Law**").

The continued success of the TradeTrust framework shows that the existing legal framework under the ETA 2010 is more than just a theoretical legal conception – it can be actualised and successfully implemented in the context of maritime, cross border trade, and through the use of eBLs. The pilot shows that market participants can establish practical frameworks which, if compliant with the legal requirements under the ETA 2010 and the Model Law, would allow cross-border trade to be conducted entirely on digitalised instruments. This in turn would allow market participants to reap the benefits of electronic transactions, such as the speed and security of transmission in the issuance, transfer and/or surrender of such digital instruments.

These pilot transactions mark the first steps in digital, paperless trading, which will hopefully see market use and custom development in the same way that mercantile usage and custom drove the development of the law surrounding paper trade instruments, such as the issuance, transfer, and surrender of hard copy bills of lading.

Click on the following link for more information:

- [IMDA Press Release titled "First cross-border paperless trade between China and Singapore powered by IMDA's TradeTrust and Beijing's AEOTradeChain has been successfully piloted"](#) (available on the IMDA website at [www.imda.gov.sg](http://www.imda.gov.sg))

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# Client Update: Singapore

## 2023 OCTOBER

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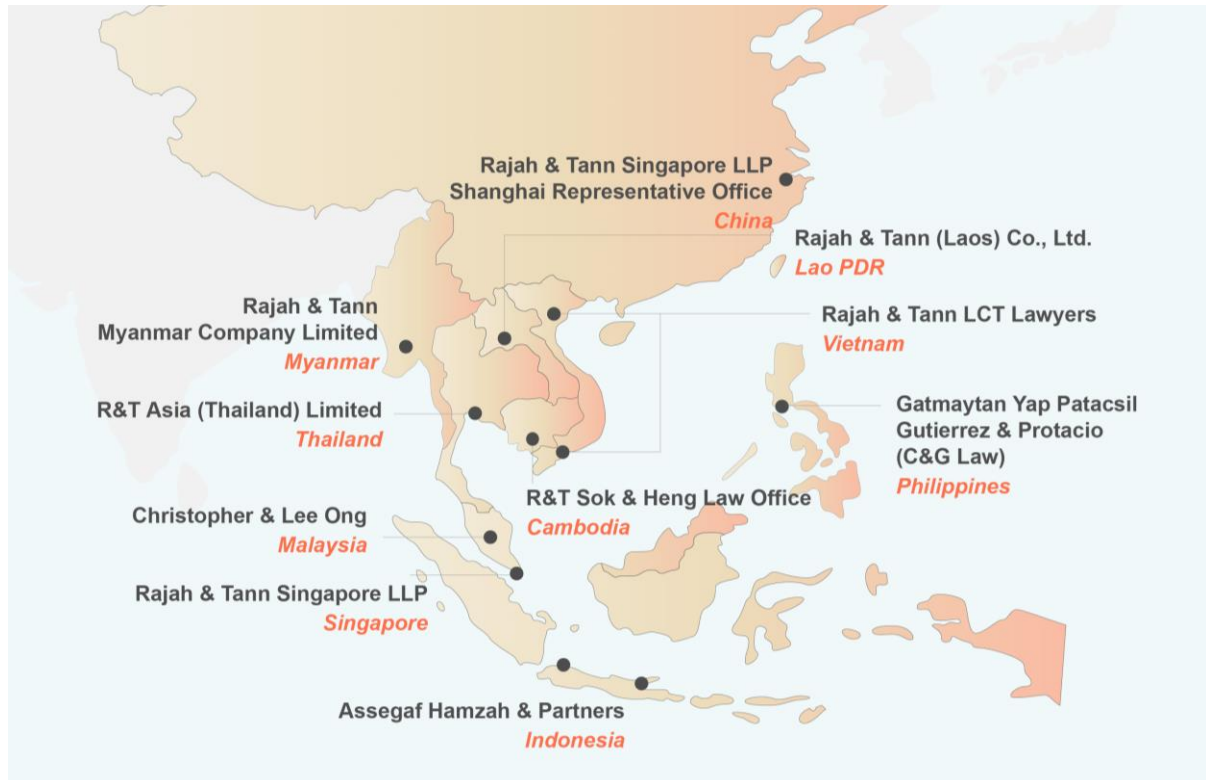
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