



DP WORLD

PAPERLESS TRADE:

A Call for Digitalisation

Digitalisation is the key to revolutionising the global movement of goods, offering a pathway to greater productivity and resilient economic growth. Specifically, paperless trade is a catalyst for faster, cheaper, secure, and transparent global trade.





THE ECONOMY, SECURITY AND THE ENVIRONMENT

Why Digitalising Customs Matters

Customs procedures are crucial for international trade, ensuring compliance, security, and revenue collection, while enabling the smooth movement of goods. However, paper-based methods are inefficient and error-prone. Urgent action is needed to change these antiquated processes.

Embracing digitalisation in customs is not just a matter of trade efficiency but a strategic move to enhance economic and environmental security in our evolving global landscape.

Countries that have updated their customs to align with the Revised Kyoto Convention have experienced up to 64% lower import/export times and costs. This not only impacts consumer costs and private sector profitability but also affects tax income. Digitalising trade can spark a virtuous circle, ensuring smoother goods movement and bolstering global economic vitality.²

Digitalisation also improves transparency and security, with AI-supported models helping to reduce unnecessary risk alerts and decrease inspection time, while increasing the seizure of necessary cargo.

Paperless trade can also boost government revenue by improving the accuracy and efficiency of customs valuation and tariff classification, reducing the risk of the under-valuation of goods and eliminating revenue leaks.

Crucially, digitalising customs builds supply chain resilience, which is particularly useful in times of crisis. With the assistance of advanced technologies, transparent and accessible digital documentation allows companies to monitor operations in real-time, make early interventions if necessary, and adjust inventory and supply sources based on supply and demand.

Finally, digital trade procedures contribute to a more sustainable trading system by reducing paperwork, streamlining processes, and minimising cargo delays, ultimately supporting a Net Zero future.

Fully digitalising trade facilitation would cut global trade costs by **14%** and boost global trade by up to **\$1 TRILLION** per year, but less than half of governments have fully implemented cross-border paperless trade.¹

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Digitalisation of customs procedures, specifically Single Window initiatives, will be crucial to the economic development of many countries, especially emerging markets. Countries which fully embrace digital trade will swiftly establish a competitive advantage over those which remain committed to outdated, expensive and inefficient paper-based systems.

Professor John Manners-Bell

Director, Foundation for Future Supply Chain and CEO, Ti Insight

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As of 2023, only **47%** of governments have implemented cross-border paperless trade globally, with significant challenges remaining in enabling the electronic exchange and legal recognition of trade-related data and documents across borders.³

¹Digital and Sustainable Trade Facilitation: Global Report 2023, page V / WTO | Trade facilitation

²WEF_36073_Paperless_Trading_How_Does_It_Impact_the_Trade_System.pdf (sharepoint.com)

³Digital and Sustainable Trade Facilitation: Global Report 2023, page V

SINGLE WINDOWS

A Path to Frictionless Trade

The World Trade Organisation's (WTO) Trade Facilitation Agreement encourages members to establish a Single Window (SW). This measure connects relevant government agencies, service providers, and traders through an online portal, enabling the exchange of information, clearances and payments in one centralised platform. This simplifies the process, providing real-time visibility to all stakeholders.

Paperless trade systems and national SWs must connect with their foreign counterparts to support the cross-border exchange of trade-related information. This requires interoperability within and between SWs, which international standards and technology-neutral laws can help achieve⁵. A 2020 study found that trade between two countries with functioning SWs increases by around 37% due to improved efficiency and reduced costs.⁵

CASE STUDY

Ethiopia's Digital Trade Leap⁷

Facing high trade costs, Ethiopia adopted a SW with World Bank assistance. Launched during COVID-19, the SW automates processes, reducing clearance times from 44 to 13 days and reducing costs by half. Aligned with global standards, especially the WTO TFA, it enhances transparency. The private sector experiences tangible benefits – simplified permits, time savings and cost reductions. Ethiopia's move toward digitalisation, a locally driven economic reform, modernises trade and shows a commitment to global best practices. Early success positions Ethiopia competitively, linking into global value chains and advancing trade efficiency and economic prospects.

CASE STUDY

North Macedonia's Digital Trade Resilience⁶

Amid COVID-19 challenges, North Macedonia embraced digital trade, strengthening economic stability. With a trade-to-GDP ratio exceeding 133%, the nation adopted a SW, underscoring North Macedonia's commitment to efficiency and global trade standards. Emerging from the pandemic, these digital strides position North Macedonia as a player in the international economic landscape, showcasing a modern and connected trade environment.



⁴ Some initiatives provide general guidance on NSW interoperability, in particular Single Window Interoperability: Recommendation No. 36 (UNECE and UN/CEFACT, 2017a) and Cross-border Single Window Interoperability: A Managerial Guide (UNNEXT/ ESCAP, 2018).

⁵ The Impact of Single Windows On Trade, World Economy, 2020, Inmaculada Martínez-Zarzoso, page 2

⁶ World Bank Group, "Digital Trade Can Help North Macedonia Build Back Better Post-COVID-19 August 05, 2021

⁷ The World Bank Group, "In Ethiopia, Electronic Single Window Cuts Costs and Time to Trade," April 23, 2020.

FROM APPETITE TO ADOPTION

Bridging Public and Private Efforts

The private sector is investing in digital tools to facilitate paperless trade. For example, DP World has developed solutions like CARGOES Customs, a platform that streamlines the customs clearance process and supports governments' adoption of SWs.



The global trade landscape is undergoing a profound shift as supply chains are being restructured and industrial policies proliferate. To counterbalance these forces, governments and businesses must embrace innovative technologies that help to facilitate global trade. Embracing digitalisation in customs is one such technology. It not only enhances trade efficiency but can help to bolster economic competitiveness. To ensure effective implementation, Governments and businesses need to come together to ensure policy consistency and transparency.

John Ferguson

Head of globalisation, trade and finance,
Economist Impact



Another initiative is the World Logistics Passport, a global loyalty program that incentivises the use of digital trade solutions. Innovations like the TradeTech Platform, spearheaded by the World Economic Forum and the UAE Government's Ministry of Trade, also drive the adoption of paperless trade.

CASE STUDIES

World Logistics Passport: Building Global Connections

The World Logistics Passport is a global freight loyalty program building new connections between governments, businesses and logistics worldwide, with over 250 partners globally. The program creates opportunities for businesses and governments to actively improve existing trading routes and develop new ones through a single platform that connects traders and freight forwarders. The World Logistics Passport fosters collaboration and innovation in moving goods and services across borders, boosting efficiency and creating new growth opportunities.

CARGOES Customs in the Dominican Republic⁸

In the Dominican Republic, the implementation of CARGOES Customs is streamlining customs procedures and showcasing the positive impact of digital solutions. The results speak volumes – a remarkable 27% reduction in inspection times and an 80% decrease in unnecessary customs alerts. These operational improvements have enhanced customs efficiency, led to additional revenue exceeding \$52 million and, critically, set a benchmark for efficiency and revenue enhancement in customs operations.

⁸ WTO (World Customs Organization) News, 'Transforming Dominican Customs through effective data analysis,' February 25, 2022.

GOVERNMENTS MUST LAY THE FOUNDATION

With support from Multilateral Institutions

While the private sector plays a crucial role in technology development, foundational aspects like legal digital identity, liability and computational law require government intervention. Governments should actively support the adoption of effective public-private data-sharing mechanisms to enhance visibility into trade flows.

Ensuring effective trade governance, led by the WTO is crucial. Urgent reforms are needed to ensure the WTO is well prepared to oversee trade digitalisation. This involves guiding governments and encouraging them to embrace technological advancements actively. The WTO serves as a catalyst, working with member nations to navigate the complexities of digital transformation in global trade.

NOW IS THE TIME FOR ACTION

We call on governments to prioritise the strategic digitalisation of customs procedures and to transform the global movement of goods. Together, we can explore the steps to facilitate this transition – from developing robust legal frameworks for digital identity and electronic signatures, to implementing a unified SW system and allocating greater investment for essential infrastructure.

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We are calling for the urgent digitalisation of trade to boost global growth. Faced with increased geopolitical uncertainty and climate instability, investing in the transition to paperless trade is a quick way to ensure faster, cheaper, more transparent and sustainable supply chains. We stand ready to work with governments worldwide to support this transition, which also provides a competitive edge to implementing countries.

Our manifesto builds on the vital work of the WTO, the Global Alliance for Trade Facilitation and UNCTAD, among many others, to deliver more seamless trade, and foster sustained economic growth, particularly in emerging economies.



Sultan Ahmed bin Sulayem
Group Chairman and Chief
Executive Officer of DP World

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This manifesto draws insights from various sources, including the World Economic Forum's "Paperless Trading: How Does It Impact the Trade System?" Whitepaper; the "TradeTech Regulatory Sandbox" paper produced in collaboration with the UAE Ministry of Economy and Abu Dhabi Department for Economic Development; the World Customs Organisations paper titled, "Customs Policies and Trade Efficiencies"; the UN's "Digital and Sustainable Trade Facilitation: Global Report 2023"; and the OECD's 2023 report titled, "Digital Trade for Development".

These documents provide valuable perspectives on the intersection of technology and trade, contributing to the foundation of our call to action.

