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**Sent on:** Wednesday, July 19, 2023 12:48:44 AM

**To:** STS Business Engagement <Business.Engagement@simplifiedtrade.gov.au>

**Subject:** STS Consultation paper - responses and feedback

Good morning,

Thank you for the opportunity to provide response and feedback to the Simplified Trade System Consultation paper.

As someone with over 40 years experience in the trade / trade finance industry across multiple geographies via the banking and technology sectors I'm delighted to see positive progress, and as a now independent consultant I pleased to have the opportunity to comment free from organisational constraint.

Kindly note that I have not provided responses to all questions, as some are outside of my areas of purview and expertise but have provided the question numbers below with my responses to same.

I've also provided some general thoughts and comments at the end for your consideration:

- Q1: The high-level vision appears appropriate to bring about positive improvements. In terms of key areas of focus I would prioritise; Digitisation (noting that there is a need to ensure that the legal frameworks support this and are aligned globally and domestically), development of single sources of truth for the various components, identification and removal of duplicative process, reduction in the number of government entities involved in the various process in order to streamline, improve efficiency and increase productivity
- Q2: Whilst this has probably already been done, key to developing a regulatory reform roadmap is identifying what's global best practice, what regulations are non-negotiable and mandatory, which ones are nice-to-have and can potentially be removed or back-burnered. in terms of regulatory reform prioritisation, my preferences would be to focus initially on service standards, followed by trust/risk and then border controls
- Q5: One of the key requirements (and this will be discussed in later questions) is ensuring that the pathway to digital is open and clear, and the ensuring of legal equivalence between physical documents, digital documents and data is a priority here. As such, the introduction of the UNCITRAL Model Law on Electronic Transferable Records (MLETR) or similar is a priority. Without legal certainty, moving positively towards digital will fail
- Q8: Implementation of MLETR in its entirety would be advantageous, however, the approach being taken by a number of other key markets is that of comparing-and-contrasting the existing laws to that within the MLETR in order to see what can be easily amended so as to move either partially or fully towards a consistent state whereby paperless trade can take place both within a country and cross-border. Typically, cross-border trade consistency is one of the hardest things to achieve and this is often why previous digitisation/digitalisation attempts have failed - i.e., the final leg of the journey takes place in an environment where paper is required thereby reducing the efficacy of the process. Introduction of an MLETR/ near-MLETR environment would not only improve G2B flows, but also B2B ones thereby conferring improved productivity on a wider scale. Typically, government-mandated solutions, however, will have the best chance of success.
- Q9: A key factor is whether Australia's key trading have moved, or are moving, towards MLETR to which the answer is "yes". If Australia does not make this change in a speedy manner, then there is a high risk that it will be left behind and seen as "too hard to trade with" in some quarters. I can't really

comment on the inter-jurisdictional matters that might exist, but these should not be seen as barriers towards implementation that will benefit all Australians.

- Q18: E/Bills, E/C of O, EPhytos. E-Bills of Lading are on the cusp of really moving into more common usage with the work and commitments that the various container shipping lines have been undertaking (DCSA). Using Singapore and New Zealand as good benchmarks for TSW's appears appropriate, especially the former who are very advanced in this journey
- Q21: Digital identity is a baseline requirement if productivity and "tell me once" is going to succeed. Strong evidence of the successful use of digital identities can be seen in Australia in the banking system where accounts can be opened in a matter of minutes using key digital identity documents such as passports, driving licences and Medicare cards.
- Q22/23: In my view, moving towards an environment where there is a single, centralised data portal is the way to go. Accesses can be appropriately handled and controlled, so that the data contained therein can be shared as narrowly or widely as required or permitted (e.g., via legislation). Single data portals facilitate the "tell me once" ethos, and additionally the data contained within can be used for myriad uses - simple examples of this are domestic and cross-border AML processes, terrorist financing suppression and the like. Significant efficiency improvements would also accrue from such as approach and, whilst it's not one to be taken lightly, the benefits outweigh the risks that are currently seen with disaggregated data held in multiple systems/platforms, that is difficult to access and use beyond very narrowly defined margins.
- General comments: overall I believe that the paper is a positive step forward and generally appears to be moving trade forward. Splitting activity down into 3 key areas of process improvement, legal and regulatory reform and digital/data improvement need to be the key focus areas, with education the fourth one that I would highlight. Setting improvement targets across each of these dimensions should be introduced, as it's imperative that steady progress is measured and reported on so as to ensure momentum is maintained and the cross-party support remains intact.

Finally, with respect to MLETR, you may be interested in the attached that provides a lawyers view around the MLETR progress in the UK

<https://www.sullivanlaw.com/viewpoints/a-game-changer-for-the-trade-and-trade-finance-industry-the-short-and-simple-electronic-trade-documents-act-2023>

Happy to provide any additional comment or clarification. to any of the above.

Best regards, Mark B.