Session 2: Single Windows and other digital instruments
for the internationalization of SMEs

Single Windows, TPOs and SMEs

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Export-related Organizations and Digital Systems

❖ **KITA : Korea International Trade Association (1954)**

❖ **KOTRA : Korea Trade and Investment Promotion Agency (1962)**

❖ **K-Sure : Korea Trade Insurance Corporation (1969)**

❖ **KEXIM bank: Korea Export and Import Bank (1976)**

❖ **KOSME : Korea SMEs and Startups Agency (1979)**

❖ **SME Export Support Center (2014 -)**

❖ **UtradeHub (KTNET) launched in 2007**

❖ **UNIPASS (KCS) launched in 2006**

Single Window and Paperless Trade

❖ **Two pillars that make up the paperless trade system of Korea**
- UNI-PASS: Single Window for customs clearance
- UtradeHub: Single Window for conducting exportation process

Flow of Typical Export Process and Digital Trade Systems

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Single Window and Paperless Trade

Development History of Trade Supporting System

- KEC: Korea EDIFACT Committee
- KEB: Korea EDIFACT Board

KITA (1954)

KOTRA (1962)

K-Sure (1969)

KEXIM (1976)

KOSME (1979)

KEC and KEB created (1991)

KTENT (1991) was created based on the "**Act on the Promotion of Trade Automation**" & designated as "**Trade Automation Business operator**" (1992)

In 1994, **EDI** entered operation to; Process Export/import licenses, Clear export /import processes. C/O begun to be processed (1997)

Established "**National Electronic Trade Committee**" to accelerate the development of **NSW** (2003).

Enacted "**Electronic Trade Facilitation Act**" (2004), becomes legal ground for '**National Single Window**' and '**Paperless trade**' - related matters

Single Window

'**internet based**'

KCS Launched **UNI-PASS** (2006) / **KTNET** launched **UtradeHub** (2007).

Launched **4th Generation UNI-PASS** (2016)

MSS announced "**SMEs Online export Activation Plan**" to encourage SMEs online exports (2010)

Government announced "**Plan for Establishment of Digital Trade Infrastructure**" (2019)

Government announced "**Export promotion Plan based on Electronic Trade**" (2014). & organized and begun to operate "**Public-Private Conference on the Promotion of Exports based on Electronic Trade**"

2019, began to develop '**UtradeHub 2.0**'

e-Customs Clearance System 'UNI-PASS'

❖ **KCS introduced the 4th generation of UNI-PASS in 2016**

- ▪ Users submit online applications for customs clearance, check real-time status of declaration or cargo, and make online/electronic payment, etc.

Website of UNI-PASS

Source: https://unipass.customs.go.kr/csp/index.do.

e-Customs Clearance System 'UNI-PASS'

❖ **UNI-PASS development dates back to 1974, starting from a simple statistics system**

Development of UNI-PASS			
Ist Generation (1974 – 1993)	**2nd Generation (1994 – 2003)**	**3rd Generation (2004 – 2016)**	**4th Generation (2016 -**
Statistics system	**EDI-based System**	**Internet-based**	**Smart Convergence**
• File transmission system • Areas: various statistics system (customs clearance + cargo collection)	• Partly paperless • concept of risk management and knowledge management method introduced • Areas: refund + investigation + risk management	• Parellel with EDI-System • Partial implication of RFID • single Window for clearance • Areas: Customs SW + Business Support Component + HR management + Customs relation management	• Smart devices + cloud computing • Interface & Convergence of information (Clearance + Logistics + Trading + Surveillance + Investigation + Refund) • Wired & Wireless (Mobile service) • Integrated tax border system

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e-Customs Clearance System 'UNI-PASS'

Main Features of 'UNI-PASS'

❖ **Fast · Secure system**
- World's first 100% electronic clearance system, and it provides the fastest service among WCO 182 members
- Time required for clearance: Export (1.5min), Import (1.5hours) .
- Promotes trade facilitation through integrated Risk Management system

❖ **Connected · Integrated System**
- Offers one stop service through connection with import/export authorization agencies, and provides trade and logistics information
- Connected with 169 government agencies (Ministries, KCS, Immigration, Quarantine, Port Authority, etc.), financial institutions (commercial banks, BOK, Insurance companies, etc.), 58,000 traders, and 5,000 logistics companies

❖ **System with Compatibility**
- The system is developed based on the Int'l standards (WCO Data model, UN/EDIFACT, ISO, IEC Global Standards Format, etc.
- The system can be used in any country in the world to any other countri

❖ **Easy Accessibility**
- Internet based website, mobile KCS (UNI-PASS)

Main Features of 'UNI-PASS'

❖ **UNI-PASS has 6 main components**

  ▪ In 2006, KCS established "Customs UNI-PASS International Agency (CUPIA)" for the development and operation of the UNI-PASS system

Component Structure of UNI-PASS	
Customs Business Component	Composed of 2 modules for the automation of customs administration - Business procedure modules (cargo & clearance management etc. - Non-business procedure modules (investigation, audit etc.)
Single Window Component	Public users conduct customs clearance process without visiting the customs office
IT Management Component	Controls and administrates the overall e-customs system to prevent any system failures
Customs Administration Component	Supports the Customs Administration process and provide non-business procedural functions such as Knowledge management and Performance management
Integrated Risk Management Component	Assists and supports the Customs Administration component with modules such as the Customs Data Warehouse(CDW) and Integrated Risk Management(IRM) module etc.
International Standards	- The system is based on international standards such as WCO DM 3.0. UN codes and has applied international recommendations such as the Revised Kyoto Convention and the WCO SAFE Framework - Based on such foundations, the system has been exchanging customs data with other countries.

Source: Homepage of CUPIA (http://unipass.or.kr).

KTNET and 'UtradeHub'

❖ **KTNET was designated as the "National Paperless Trade Infrastructure Operator" by the government in 2006**

- ▪ KTNET provides "Infrastructure Services" in 8 business areas
- ▪ Designated as "Purchase Certificate Issuance Agency", "e-B/L Title Registry" in 2008, and "Certified e-Document Relay Agency" in 2012, etc.
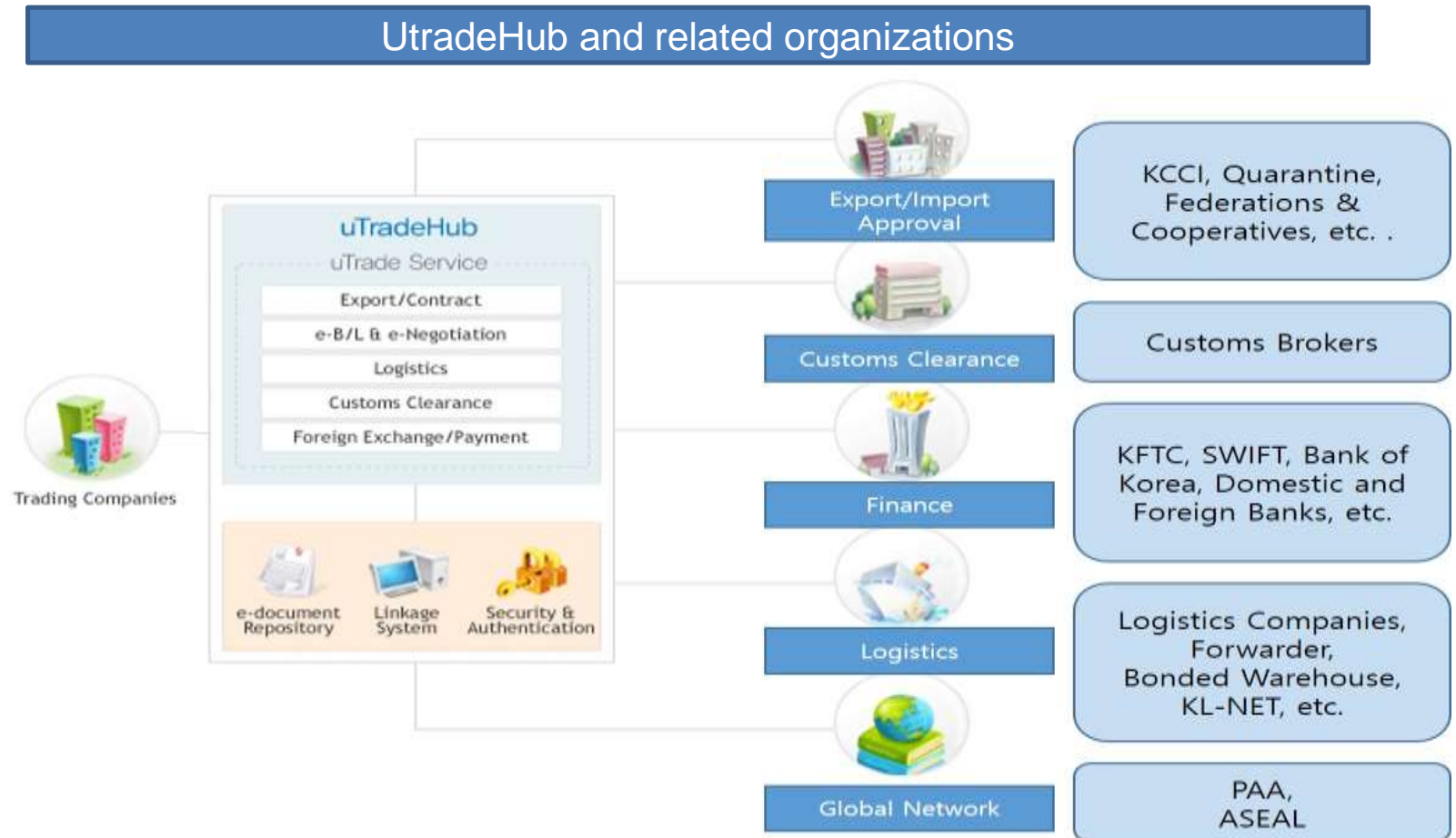

Source: www.ktnet.com

KTNET and 'UtradeHub'

❖ **UtradeHub is an integrated paperless-trade system operated by KTNET**

- The system is inter-related with multiple trade-related public and private entities of various sectors

UtradeHub and related organizations

KTNET and 'UtradeHub'

❖ **KTNET operates portals in 5 areas:**
  - Trade, Logistics, Finance, Marketing, Customs

- All services can be accessed through 'Utradehub' with a single account, based on the Single Sign On (SSO) system

- The Hub electronically processes all export-related services
  - ✓ From contracts, L/C related business, customs clearance, shipping, insurance, and remittances after export contracts
  - ✓ UtradeHub can also handle import-related processes

- 'e-B/L service' is a system for electronic circulation of B/Ls
  - ✓ Receive B/Ls electronically from a carrier, register the title into 'Title Registry', and store the original copy at the 'uTrade Document Repository'

- 'e-Nego system' provides a one-stop service through digitally handling negotiation documents without having to visit offline institutions/banks

- The hub also provides various trade-related information in collaboration with KITA and other trade-related organizations

KTNET, 'UtradeHub' and 'UFTAKorea'

❖ **UtradeHub operates a website 'UFTAKorea' for the utilization of FTAs**

- FTA related Certificate of Origin (C/O) management system
- Users can access FTA rules and FTA related information, and simulate market access conditions with the HS Code
- The hub provides services such as storage, distribution, print and transmission and reception of e-C/O

Homepage of 'UFTAKorea'

Source: https://fta.utradehub.or.kr/fta/origin/common/main/index.do#

KTNET, 'UtradeHub' and 'ULogisHub'

❖ **UtradeHub also operates a website 'uLogis' designed to assist logistics companies (airlines, freight forwarders, shipping lines)**

- Provides cargo information through the Manifest Consolidation System (MFCS)
- The system enables logistics companies to monitor the entire process from the consolidation of cargo manifests to customs inspection in real-time, and to share the information with bonded warehouses and carriers

Homepage of 'ULogisHub'

Source: www.ulogishub.com

'UtradeHub' and 'UNI-PASS'

❖ **UtradeHub and UNI-PASS are inter-related**

   ❖ The 2 digital trade processing systems constitutes 'paperless trade infrastructure' of Korea

Linkages between UtradeHub and UNI-PASS
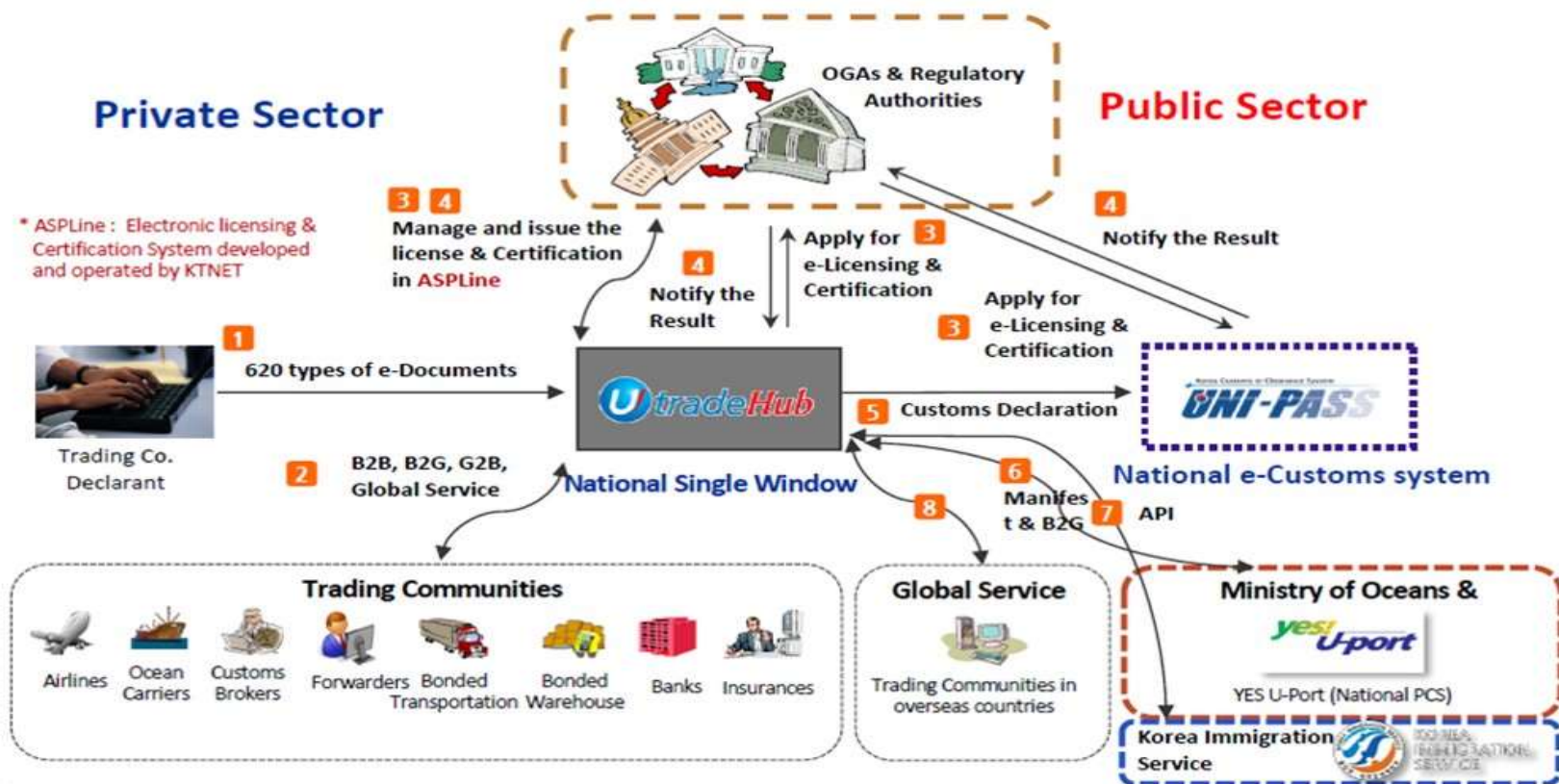
Source: Lee (2019), "The experience of Korea and other Asian Countries", presentation at the CORPYME Training workshop for the internationalization of SMEs in Latin America and the Caribbean: The trade single window for the internationalization of SMEs, Santiago: ECLAC.

'UtradeHub' and 'UNI-PASS'

| Comparison of UtradeHub and UNI-PASS		
Classification	**Functions**	**Characteristics**
UNI-PASS (e-customs)	• Inspection • Collection • Customs clearance • Cargo management • Investigation • Post-clearance audit • Risk management • Statistics	• Collection of Customs Tariff and Duties • Regulatory enforcement & Border management • Anti-smuggling
Authority in charge: KCS		• Main Users: - Customs Broker, Freight Forwarder
UtradeHub (Trade SW)	• L/C & Open Account • Shipping Request • Way Bill & B/L • C/O • License & Certificate • Cargo Insurance • Negotiation • Collection	• Trade facilitation and promotion • Easy Environment for Foreign Trade • Encouragement of SMEs' export • Elimination of trade-related off-line regulation • Platform to link e-Customs system, Port Community System, OGA's, etc.
Authority in charge: MOTIE		• Main Users: Traders

Source: Lee (2019), "The experience of Korea and other Asian Countries", presentation at the CORPYME Training workshop for the internationalization of SMEs in Latin America and the Caribbean: The trade single window for the internationalization of SMEs, Santiago: ECLAC.

Doing International Business for SMEs?

❖ **Internationalization of SMEs (or doing international business)**
   - It needs comprehensive and orchestrated supports for all activities along the firm's value chain reflecting export

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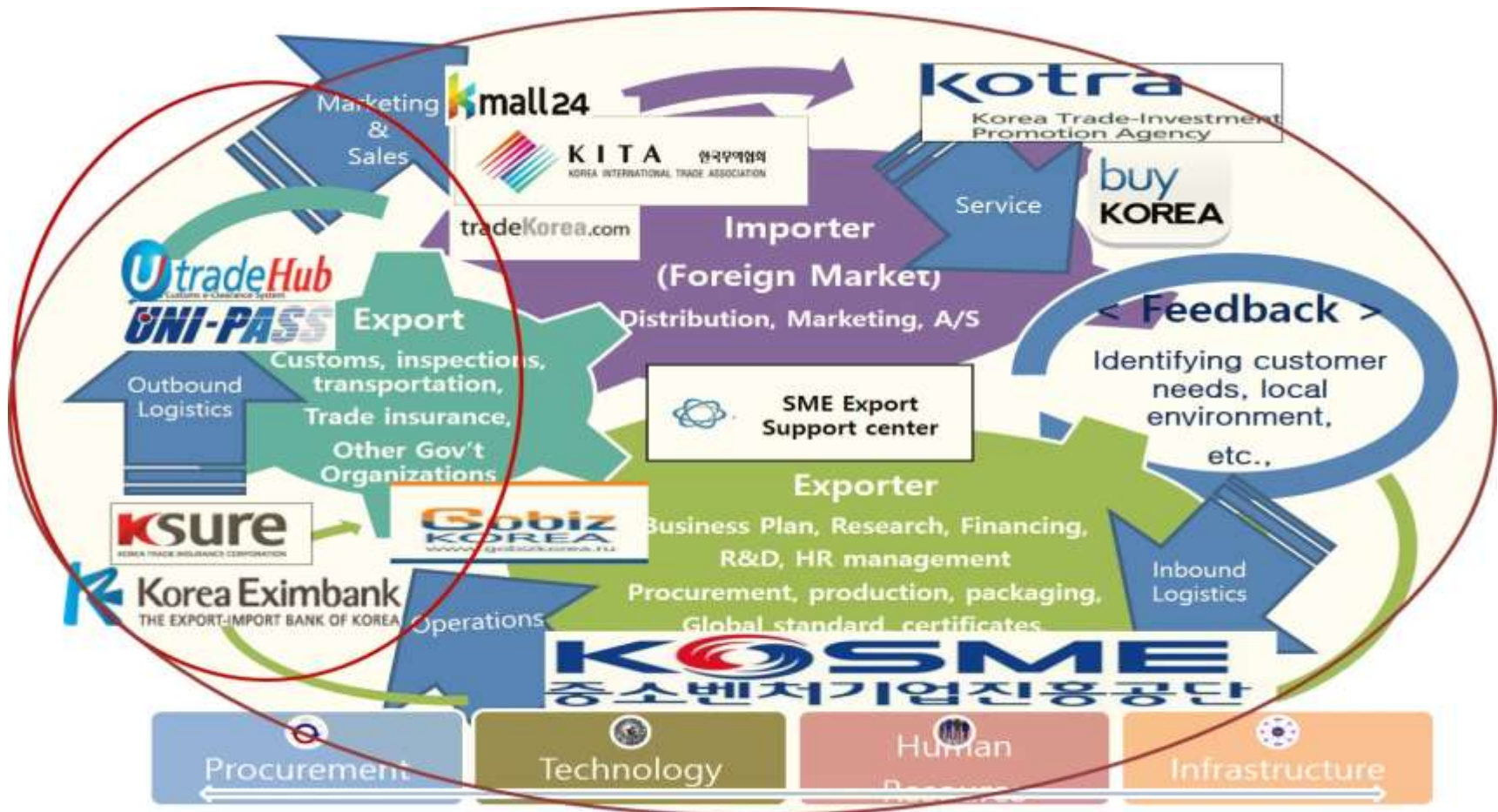
Barriers of Export and SMEs' Request for Supports

❖ **SMEs' barriers of export changes over time**
❖ **SMEs' request for government support is changing over time**

| Korean SMEs: Trends in Major Obstacles for Exports (2010 – 2018)				
Year Ranks / 2010	2013	2015	2017	2018
1 — **Information**	**Finance**	**Finance**	**Information**	**Finding foreign buyers & Information**
2 — **Finance**	**Information**	**Information**	Human Resources	
3 — Human Resources	Human Resources	Human Resources	Technology	Technology (Production capacity)
4 — Firm's Reputation	Export procedures	Technology	**Finance**	
5 — Standards/ Certificates	Standards/ certification	Export procedures	Export procedures	**Finance** & Human Resources & Export procedures
6 — Technology	Technology	Standards/ certification	Standards/ certification	
7 — Language barriers	Firm's Reputation	Firm's Reputation	Firm's Reputation	
8 — Export procedures	Language barriers	Language barriers	Language barriers	Acquiring Standards/ Certificates

Source: KOSBI (2019).

SME Internationalization Supporting Organizations in Korea

❖ **Collaboration between organizations, Korean experience?**

- KTNET is a subsidiary company of KITA (100% invested)
- TPOs have been competing in their roles of supporting SMEs
- Criticism has been raised over their overlapping functions and roles (causing inefficiency)
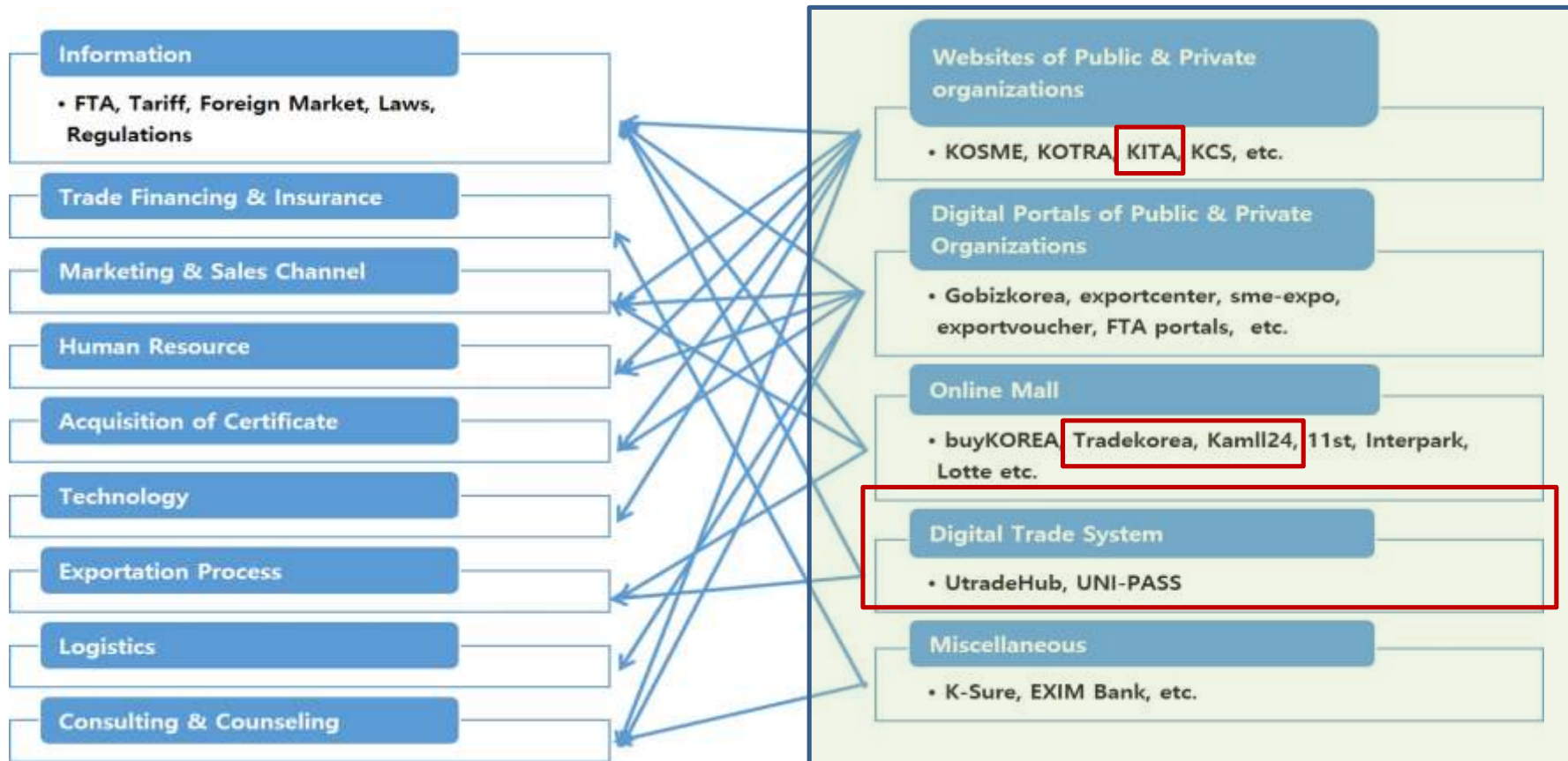
Digital Trade Infrastructure Establishment Plan" (2019)

❖ **Main objectives of the Plan**

1) establish a user-oriented trade promotion system,
2) Make the document processing system more user-friendly
3) Diversify the online export support measures

❖ **Major contents**

- Integrate and reorganize the export-related information system (provided by public and private organizations) into 5 information websites

- Develop a new finance support system based on the 'BlockChain' technology

- Establish an improved digital trade platform "UtradeHub 2.0"
  - ✓ Liaison and Integration of all trade-related processes, sharing and distribution of data, B2B as well as B2C oriented system

- Differentiate/specialize information websites of 3 organizations (KITA, KOTRA, KOSME), and establish a "Information Single Window" by connecting the websites

- Establish an "e-Commerce Cluster" by 2022 for e-traders
  - ✓ To simplify the all online export-related declaration process
  - ✓ Plan to create a special (online-trade only) declaration form and system to provide a simple and convenient online trading environment

Thank You.
Gracias.
Obrigado.