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

**Single Windows, TPOs and SMEs**

CORPYME:
Towards a digital infrastructure to promote the internationalization of SMEs
September 24 and 29, 2020
PROCOMER-REDIBERO-ECLAC-CELAC-REDVUCE

Joon-Ho LEE
Korea Small Business Research Institute
(johlee@kosbi.re.kr)
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
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
Development History of Trade Supporting System

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

**KITA (1954)**
- KTENT (1991) was created based on the “Act on the Promotion of Trade Automation” & designated as “Trade Automation Business operator” (1992)
- 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

**KOTRA (1962)**
- KTNET launched UtradeHub (2007).

**K-Sure (1969)**
- MSS announced “SMEs Online export Activation Plan” to encourage SMEs online exports (2010)
- MSS announced “SMEs Online export Activation Plan” to encourage SMEs online exports (2010)

**KEXIM (1976)**
- KCS
- Launched UNI-PASS (2006)

**KOSME (1979)**
- Single Window

**KEC and KEB created (1991)**
- KEC: Korea EDIFACT Committee
- KEB: Korea EDIFACT Board


2019, began to develop ‘UtradeHub 2.0’
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.

e-Customs Clearance System ‘UNI-PASS’

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

Development of UNI-PASS

- Statistics system
  - File transmission system
  - Areas: various statistics system (customs clearance + cargo collection)

- EDI-based System
  - Partly paperless
  - concept of risk management and knowledge management method introduced
  - Areas: refund + investigation + risk management

3rd Generation (2004 – 2016)
- Internet-based
  - Parallel with EDI-System
  - Partial implication of RFID
  - single Window for clearance
  - Areas: Customs SW + Business Support Component + HR management + Customs relation management

4th Generation (2016 -)
- Smart Convergence
  - Smart devices + cloud computing
  - Interface & Convergence of information (Clearance + Logistics + Trading + Surveillance + Investigation + Refund)
  - Wired & Wireless (Mobile service)
  - Integrated tax border system
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 country

❖ 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

<table>
<thead>
<tr>
<th>Component Structure of UNI-PASS</th>
</tr>
</thead>
</table>
| **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

Source: modified based on the original image retrieved from ‘www.utradehub.or.kr’.
**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

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’
‘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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Functions</th>
<th>Characteristics</th>
</tr>
</thead>
</table>
| 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
### 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)

<table>
<thead>
<tr>
<th>Year Ranks</th>
<th>2010</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information</td>
<td>Finance</td>
<td>Finance</td>
<td>Information</td>
<td>Finding foreign buyers &amp; Information</td>
</tr>
<tr>
<td>2</td>
<td>Finance</td>
<td>Information</td>
<td>Information</td>
<td>Human Resources</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Human Resources</td>
<td>Human Resources</td>
<td>Human Resources</td>
<td>Technology</td>
<td>Technology (Production capacity)</td>
</tr>
<tr>
<td>4</td>
<td>Firm's Reputation</td>
<td>Export procedures</td>
<td>Technology</td>
<td>Finance</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Standards/ Certificates</td>
<td>Standards/ certification</td>
<td>Export procedures</td>
<td>Export procedures</td>
<td>Finance &amp; Human Resources &amp; Export procedures</td>
</tr>
<tr>
<td>6</td>
<td>Technology</td>
<td>Technology</td>
<td>Standards/ certification</td>
<td>Standards/ certification</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Language barriers</td>
<td>Firm's Reputation</td>
<td>Firm's Reputation</td>
<td>Firm's Reputation</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Export procedures</td>
<td>Language barriers</td>
<td>Language barriers</td>
<td>Language barriers</td>
<td>Acquiring Standards/Certificates</td>
</tr>
</tbody>
</table>

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.