

G2 HACKATHON CHALLENGE

How to Make the WTO
Fit for Future Trade



INSTITUTE OF INTERNATIONAL
ECONOMIC LAW
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade
Platform

Akin Gump
STRAUSS HAUER & FELD LLP

Lee
& KO 법무법인(유) 광장

2021 Hackathon Submission

Using Blockchain Technology To Improve
Export Transactions

UWEZO Group

Miruoba Marube

Filbert Mbugua

Fiona Kinya

Teresa Mukami

Watch the Video



G2 HACKATHON CHALLENGE

How to Make the WTO Fit for Future Trade



INSTITUTE OF INTERNATIONAL
ECONOMIC LAW
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade
Platform

Akin Gump
STRAUSS HAUER & FELD LLP

Lee
& KO 법무법인(유) 광장

Question #1

Define the substantive issue that your team is addressing, why it's a problem, and why your team believes the WTO is the right forum to address it.

Using blockchain technology the WTO can ease export transactions through the use of smart contracts, a functionality in blockchain that automatically runs when specific conditions are met. WTO made a major milestone in the recent year (2020) in response to the pandemic, in implementing the same technology in digitizing the supply chain process, promoting transparency, accountability and confidence between an exporter and importer, without them necessarily trusting each other. This can also be implemented in the export procedure for example, in accelerating the process of achieving an export license, to which will increase trade flows among countries and as a result increase their GDPs.

The steps involved in export trade have proven to be slow and inefficient. For example, for first time exporters, they need to apply with the Director General of Foreign Trade (DGFT) at the regional office to be issued an 'Importer-Exporter Code (IEC). Which is received after 10 to 15 days after submitting the application. They then register with the concerned export promotion council and get registered with the sale tax office and also the Export Credit Guarantee Corporation. The exporter then goes for procuring orders and drafts the terms and conditions of the contract (pricing, documents, freight charges, currency etc.) in conjunction with the importer and not mentioning applying for insurance and other export import documentations that are mandatory for the trade e.g., the Bill of Landing or Airway Bill depending of the method of transportation.

Some of the problems the WTO will combat in this procedure by introducing blockchain technology include;

- Security: the data collected in each transaction is provided a special encryption and included in the blockchain, hence can't be manipulated or lost.

G2 HACKATHON CHALLENGE

How to Make the WTO Fit for Future Trade



INSTITUTE OF INTERNATIONAL
ECONOMIC LAW
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade
Platform

Akin Gump
STRAUSS HAUER & FELD LLP

Lee
& KO 법무법인(유) 광장

- Speed: introducing smart cards will speed up the process, due to its self-execution quality, after all conditions are fulfilled.
- Real time verification: through the smart contract documents will verified in real time thus speeding up the export process.
- Disintermediation: there will be no need of a third party to oversee the transactions.
- Cost reduction: the elimination of intermediaries and increased security will save costs in exports.

The implementation of blockchain technology in export trade will also increase small business' confidence in export trade, thus increase trade flows.

G2 HACKATHON CHALLENGE

How to Make the WTO
Fit for Future Trade



INSTITUTE OF INTERNATIONAL
ECONOMIC LAW
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade
Platform

Akin Gump
STRAUSS HAUER & FELD LLP

Lee
& KO 법무법인(유) 광장

Question #2

Propose a specific treaty text, or more informal commitment/declaration text, that addresses either the concern or a particular, detailed aspect of it.

A crucial step towards end-to-end trade digitization is creating an ecosystem that allows for seamless exchanges of data between existing platforms. There are several initiatives all working towards creating a set of standards in digitizing trade, some focusing on particular sectors or geographies while others are more general. These include the 'Blockchain in Transport Alliance' (BiTA), 'The Digital Container Shipping Association' (DCSA), 'Mobility Open Blockchain Initiative' (MOBI), 'The Belt and Road Blockchain Consortium', 'The World Customs Organizations' (WCO) among others.

The WTO can create an initiative focused on easing export transactions through digitization. The World Trade Organization's Trade Facilitation Agreement contains provisions for expediting the import, export and transit procedures, including the movement, release and clearance of goods with a view of reducing related costs.

Mindful of TFA article 5,9 and 10, smart contract can be implemented by creating a transaction payload which allows a person express what type of action they should want to perform and how much they are willing to pay for performing the action.

Once the transaction is generated, one has to sign it before it can be accepted.

Terms of the contract should be determined and translated into programming code. The code represents a number of different conditional statements that describe the possible scenarios of transaction.

When the code is created, it is stored in the block chain network and is replicated among the participants in block chain.

G2 HACKATHON CHALLENGE

How to Make the WTO
Fit for Future Trade



INSTITUTE OF INTERNATIONAL
ECONOMIC LAW
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade
Platform

Akin Gump
STRAUSS HAUER & FELD LLP

Lee
& KO 법무법인(유) 광장

The code is run and executed by all computers in the network. If a term of the contract is satisfied and verified by all participants of the block chain network, the relevant transaction is made.

This will enhance transparency and traceability and strengthen the compliance with international trade agreements.

G2 HACKATHON CHALLENGE

How to Make the WTO
Fit for Future Trade



INSTITUTE OF INTERNATIONAL
ECONOMIC LAW
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade
Platform

Akin Gump
STRAUSS HAUER & FELD LLP

Lee
& KO 법무법인(유) 광장

Question #3

Suggest a legal/technical or institutional way to implement your textual proposal within the broader WTO framework (500 words)

DECLARATION ON THE IMPLEMENTATION OF BLOCKCHAIN IN EXPORT TRANSACTIONS

Adopted on 11th April 2021

1. We recognize the gravity of the current limitations in the procedure of export trade.
2. We stress the need for digitization of documents involved in the procedure through the use of smart contracts in blockchain.
3. We recognize that digitization of export procedure an important factor to increase trade flows among countries
4. That Mindful of the 'Trade Facilitation Agreement' (2017), article 5,9 and 10, smart contract can be implemented by creating a transaction payload which allows a person express what type of action they should want to perform and how much they are willing to pay for performing the action.
5. That the transaction is digitally signed once generated.
6. Terms of the contract should be determined and translated into programming code. The code represents a number of different conditional statements that describe the possible scenarios of transaction.
7. The terms are stored in the block chain network and is replicated among the participants in block chain.
8. The code is run and executed by all computers in the network, with the relevant transaction made should the conditions of the contract be satisfied.