Wednesday 9th October 2019
Sent by email
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AustCham - the Australian Chamber of Commerce (Singapore) - is pleased to support the Department of Foreign Affairs and Trade in its forthcoming digital cooperation initiative to help unlock new opportunities to facilitate digital and cross-border trade between Australia and Singapore.

The Chamber presently represents approximately 700 members. Our membership ranges from many small and medium enterprise employers through to some of Australia's largest corporations with their Asian headquarters based in Singapore.

We believe there are opportunities to open and standardise digital trade flows which will bring economic benefits to both the Australian and Singapore economies. We are therefore very pleased to contribute to this important initiative.

To facilitate and understand how this initiative can benefit business across Singapore and Australia we held a workshop with twenty six (26) representatives of Australia/Singapore business and Government. In this workshop we identified and discussed 7 key areas. The key topics and discussion points are summarised below.

We will be happy to engage further to contribute to any areas of opportunity as they arise throughout the negotiations.

Yours sincerely,

Ben Vella
Chair Digital & Cyber Industry Group
Australian Chamber of Commerce Singapore

SUMMARY

AustCham undertook a workshop to facilitate the gathering of ideas from members of AustCham's Digital Economy industry Group. The workshop welcomed 26 attendees from the Australian and Singaporean digital business communities and included special guests from DFAT and the Australian High Commission. Focus was provided by the DFAT brief outlining the timeline and objectives.

- A scoping framework should be ready by October 2019, the full agreement hopefully negotiated and concluded by end of 2019.
- The core objective for the agreement is to foster practical cooperation between Australian & Singapore at both Industry & Government Level.
- The new agreement is meant to be much more than a trade agreement and compliment the already existing FTA's and treaties between Australia and Singapore.

There were 7 key topics discussed and input from the group included:

1. **DIGITAL TRADE FACILITATION**
   - Need to identify main outcomes for digital documentation, balancing cost, safety and speed.
   - Understanding of beneficiaries and priorities. SMEs, Ports, Shipping, and Logistics Companies were identified by the group as the prime sectors currently affected.

2. **CROSS BORDER DATA FLOWS**
   - Focus on key sectors should be included, Financial Services and Health were highlighted.
   - Data Privacy Rules and Data Sovereignty Rules that currently inhibit flows of data hampering company's expansion across borders need to be addressed.

3. **CROSS BORDER PAYMENTS**
   - Removing the costs and other barriers to cross-border payments, include focus on costs of transfer, taxes and reciprocal acceptance of background checks.

4. **START UPS**
   - Talent movement and broader opening of visa options for start-ups are inhibiting expansion.
   - Development of compliance reciprocity and compliance frameworks will remove barriers.

5. **ARTIFICIAL INTELLIGENCE**
   - Definition of common privacy principles are needed.
   - Common standards for ethical use need to be agreed.

6. **DIGITAL IDENTITY**
   - Opportunity to build common individual and corporate digital identities that can be used across both countries.

7. **DIGITAL STANDARDS AND RESEARCH COLLABORATION**
   - Development of common digital standards across key areas, including payments, crypto-currencies, Cyber-security and e-commerce.
   - Development of partnerships with Academic Research and Standards Bodies.
   - Focus on standards for privacy that will allow for the flow of data across borders.

DETAILED NOTES FROM GROUP DISCUSSION

- The discussion focused on 7 key areas of interest highlighted in the Digital Economy Agreement
- Participants engaged in the discussion anonymously and not in the capacity of their respective organisations

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TOPIC 1: DIGITAL TRADE FACILITATION

This topic primarily concerned the digitisation of trade documentation, the move towards a 'digital single window' and Singapore's leadership as a global port.

Key questions raised and discussed:

1. **Which trade documentation should be digitised first?** i.e. bills of lading, health certificates for food
2. **Which technologies should be leveraged in this space?** i.e. blockchain, digital ledgers
3. **Which industries should be the focus? At least for a pilot?** i.e. key industries of trade between Australia & Singapore
4. **What frameworks for the digitisation of trade documentation already exist or are being rolled out?** i.e. Model UN Law on electronic trade documentation
5. **What impact will this have on the rule for financial lenders and premiums/access to export instruments such as Letters of Credit or Finance?**
6. **How difficult will it be to change government regulation to achieve success?** Australia is complicated because of federal and state government system with overlapping regulation. In HK, contract notes are required by the HK Government to be physically stamped thus inhibiting the digitization of any process that involves a contract note. Can the stamp be digitised?
7. **How will fraud be mitigated? How do we secure trust and authentication in the Digitisation of Documents?** Imaging tools, encryptions, 2FA?
8. **What will be the geographical scope of the agreement as in some cases goods may not only pass between Australia and Singapore but some shipments may need to stop at other ports along the way - i.e. Chinese a port**

Outcomes & Next Steps:

- **AustCham Survey:** Circulate a short survey to AustCham membership to ask what documents or processes they think should be the priority to focus on initially?
- **Trade Trend Analysis:** Look at where the largest trade is growing between Australia and Singapore and then pick the industries with the best growth potentials to target. Warning: This may result in false assumptions as the growth or decline at the marco level may not reveal industries inhibited from the paperwork perspective.
- **Pick an Initial Target Audience:** What will the focus be for a first pilot? SME, Mid-Market or Large Corporate. An SME focus has great political and economic value as SMEs form large

segments of both economies and are also in the most need of support. (Agribusiness/food SMEs was raised a few times as an example in the workshop.)

- **Engagement with Associations:** Reach out to key trade associations and logistics companies to collect from them the feedback from their own membership as to where they see would be the most valuable place to start in terms of the digitisation of trade documentation. AustCham can support in engagement with these players. Examples included: The Singapore Business Federation - APEX Business Chamber - Ports, Shipping Companies, 3PLs, Logistics Companies (DHL, Toll, etc).
- **What should be the main objective in digitising documentation? Cost, Safety or Speed?** What about concerns for food safety or standards?
- **Engagement with Tech Enablers:** Look at platform companies who are already enabling trade, Australian, Singaporean or otherwise.
- **Geographical Survey for Best Practice**: Singapore and Australia already have great bilateral and multilateral relationships that we can leverage and learn from.
- **Mapping:** Spend time mapping out the flows of finances and transfer of goods to identify practically where the obstacles are.

TOPIC 2: CROSS BORDER DATA FLOWS

Key questions raised and discussed:

1. **Which sectors should be the focus?** The existing Free Trade Agreements already cover data flows for some sectors, a notable exception is for financial services. There is a need to understand better the particular barriers between financial data flows and requirements for localisation and regulation.
2. **How will cross border privacy work?** How will consumers be assured that their private data will be protected and used only for agreed purposes? Potential review of GDPR regulation in Europe, APEC Cross Border Privacy rules that are already being worked on or Australia's existing Privacy Rules that allow for the transfer of data overseas as long as the data is protected.
3. **How could Australia and Singapore help to contribute to global standards beyond this agreement?**

Outcomes & Next Steps:

a) **Health data** (eg age, address, medical)
b) **Data sovereignty**
c) **Cloud** – data centre locations (every country has different laws around where/what/how data should be stored)
d) Australia and Singapore should consider an agreement around **location of data** to be stored if it is for just between these two countries (protection and access considerations)
e) Need to be clear on the **definition of data** (ie personal data vs national security data, etc) and also gain alignment on standards such as format of data, GDPR, PDPA.
f) SMEs need a set of **cross acceptance standards** to reduce friction of trade (ie minimum set of certificates and standards)

g) A need to speed up the **APAC CBPA**
h) **Agency for licenses/certificates** to make it easier for SMEs

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TOPIC 3: CROSS BORDER PAYMENTS

Key questions raised and discussed:

1. **What existing payments frameworks are already in place? Can these existing platforms be extended and scaled or do they need replacing?** Australia already has a cross border payment platform in place.

Outcomes & Next Steps:

a) Who are the **players** – digital banks, traditional banks, platforms, startups
b) Who are **risk**?
c) **Trade currency** is usually in USD, does it have to be for direct Australia-Singapore exchange? Can we get the exports to bank with AUD/SGD?
d) **Security** of payment exchange?
e) How can we make international transactions as **fast** as domestic transactions? Taking into account AML, Sanctions, financial crimes.
f) Potential for Australia to accept what **background checking process** exists in Singapore and Hong Kong (eg Could Australian AML be more efficient like SG/HK?)

TOPIC 4: START UPS & SALES UPS

Key questions raised and discussed:

1. **Which sectors should be the initial focus?** Fintech and Regtech? There is an opportunity to simplify licences and access to regulatory sandboxes
2. **What are the main obstacles for SMES when it comes to Market Entry in Australia, Singapore and the Broader Region?**
3. **What existing agreements are in place elsewhere to help startups that could be replicated or improved?** There is an exisiting MOU between ASIC and ACRA or MAS. Australia has also implemented a Fintech bridge with the UK.

Fin Tech/Reg Tech start-ups and impediments for start-ups coming into region Impediments:
a. **Talent**: - for Australia it has the 457 visa and it is difficult to get so hamper Singapore startups in Australia - In Singapore it is difficult to get employment passes unless people are very senior at a VP level with lots of money (not normally the profile for start-ups)
b. **Taxation**: Lots of expertise needed with the complex environment- money flows/transfer pricing, etc.. c. Regulatory Framework for Compliance and Governance: To hard and complex to maneuver for a start-up.- governance /responsibilities even of the board of directors, what can be done?

Outcomes & Next Steps:

1. Create some **scalability** to all of the compliance/taxation and governance rules with possible an online wizard that aids with the governance and taxation

2. Create a **joint incubator** space between Singapore and Australia. Each country puts x$$ in, provides some advisors and also trusted companies that help these start-ups with the banking/tax knowledge/governance and compliance knowledge to help start-ups be fully compliant. (How can we leverage existing initiatives like Launch Pad to help with this Digital Economy Scoping Study "use case"?)

3. Do both 1 and 2 together and use this as a learning journey/pilot program to help learn from in order to improve regulations in this space to speed up business.

TOPIC 5: ARTIFICIAL INTELLIGENCE

Key questions raised and discussed:

- AI is not currently included in any existing trade agreements globally
- The biggest concern with AI is ethical use

Outcomes & Next Steps:

The biggest concern was people's privacy. The digital identity theme (see next section) will cover most of this, however there is one area that needs to be thought through:

a. How much data are companies allowed to gather/share and integrate so that they can predict people's reactions and responses – essentially profiling people and taking away their privacy?

Ideas: Develop principles of privacy from people's online behaviors and the amount of click data (non PII) that can be gathered and shared.

TOPIC 6: DIGITAL IDENTITY

Key questions raised and discussed:

1. **Who are we trying to solve for?** Corporations and Individuals
2. **Where are both countries up to in their journey's to solve the Digital Identity Dilemma?** Australia's focus as been collaboration with partners like Canada or the UK. Singapore has been inward focused with creation of MyInfo, CorpPass, SingPass, etc.

Corporates - Key questions raised and discussed:

- **Tendering Process:** Recognition of corporate identity to facilitate easier tendering process.
- **Different legal structures and associated responsibilities**
  Singapore: Sole Prop, PTE LTD, Registered Societies, LLPs
  Australia: Proprietary Limited Companies, Sole Traders, etc
- **Recognition of Standards:** Customs, Shipping
- **Corporate Identity Theft & Validation:** How can someone check if a company is who they say they are - credit checks - fraud, anti-money laundering?
  Data Protection & Exchange

Corporates - Outcomes & Next Steps:

- Shared Tender System (alignment of corporate identity)
- Collaboration or Portal to Check Corporate Identities of Corporations
- Rules & Regulations for dealing with Identify Theft
- Standardisation of Authentication Method - 2FA
- Corporate Identity for trade - validated by a 3rd party?
- Transactions (blockchain)
- Dedication and immediate reporting to all key stakeholders and on irregularities

Individuals - Key questions raised and discussed:

- Digital Identity Theft or Breaches - most commonly human error
- Education for individuals
- Making a robust system
- Sharing on sanctioned individuals or other characteristics - bankrupt
- Misinformation - Disinformation Framework - how do you deal with fake news across borders

Individuals - Outcomes & Next Steps:

- Collaboration on Verification of Identity - using a 3rd party to verify identities from both individual australians and Singaporeans; Singapore uses NRIC and is building a digital identity for every resident separate from the NRIC.

TOPIC 7: DIGITAL STANDARDS & RESEARCH COLLABOARTATION

Key questions raised and discussed:

#Digital Standards

1. **What are the key areas for alignment?**
- Payments
- Cryptocurrencies
- AI Standards
- Data Infrastructure - how you store and manage data
- Business security
- Licensing
- IP Protection
- Standards for Equipment and Products - Safety
- IOT applications - do we want one international standards that all organisations should align to
- Data Privacy
- eCommerce - cross border - how do you build trust
- Cyber Security

- ISO, JTC, Openbanking - Mapping exercise of what are the standards that are important - in the region and bilaterally
- What standards can be ISO2022 (payments that Singapore thinks is important)
- Governments to adopt common standards that are beneficial to common trade

Outcomes & Next Steps:

ISO
Business Excellent Framework
Trust Marks
SQA - Singapore Quality Awards
IRAP Assessment
CE (Europe)
NIST - Cyber

Who are the Key Bodies to engage with?
Enterprise Singapore
Economic Development Board
IRAS
ACRA
IMDA
CAS - Cyber Security Agency
Standard Australia
CSIRO

#Research Collaborations

1. *What are key topics for Research Collaborations to consider?*
- Impact of automation and AI on workflow - Future of Work - job redesign
- Sharing of data flows
- Healthcare delivery, Pharmaceuticals - technologies - privacy control of health data
- Cryptocurrency trading and exchanges and ICOs
- Sustainability and Food Security - Urban Farming
- Digital Security

2. *Who are the key Agencies to engage with?*
- CSIRO
- IMDA
- Universities