

Transport and Trade Connectivity in the Age of Pandemics

Seamless connectivity

UNICTRAL Model Law on Electronic Transferable Records – a brief overview

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The DSI Mission

“The ICC Digital Standards Initiative (DSI) will work towards the ambitious aim of establishing a globally harmonized, digitized trade environment – directly addressing disruptions experienced during the COVID-19 crisis as a result of the reliance of trade flows on paper documentation.”

We cannot achieve this with standards development and implementation alone: legal reform is urgently required.



- ❌ The current legal treatment of electronic transferable records inhibits market demand and innovation.
- ❌ Most jurisdictions continue to require paper-based trade documentation.
- ❌ To go paperless, parties to a transaction are forced to use private law contracts within closed-loop trading platforms.
- ❌ As a result, organizations must adopt multiple products for customers in different jurisdictions to enable the transfer of electronic records.
- ❌ This is inefficient for large organizations and cost-prohibitive for SMEs.

THE SOLUTION: MLETR

The UNCITRAL Model Law on Electronic Transferable Records (MLETR) creates an enabling legal environment for paperless trade. It:

- ✓ provides an international framework to align national laws and enable the legal use of electronic documents of title (electronic transferable records or “ETRs”) both domestically and across borders;
- ✓ builds on the principles of [non-discrimination](#) against the use of electronic means, [functional equivalence](#), and [technology neutrality](#) underpinning all UNCITRAL texts on electronic commerce;
- ✓ enables the use of all technologies including registries, tokens and distributed ledgers;
- ✓ was drafted in a multi-year, inclusive and transparent process by the United Nations Commission on International Trade Law, a subsidiary body of the UN General Assembly with a mandate to further the progressive harmonization and modernization of international trade law.

UNCITRAL | UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW

UNCITRAL Model Law on
Electronic Transferable Records



MLETR in focus: key benefits

1. Technology neutrality (a foundational principle throughout the Model Law)
2. Functional equivalence (Articles 8 – 11)
3. Business friendly - general reliability standard – (Article 12(a)(viii) “any applicable industry standard”)
4. Practical – can replace a transferable document with an electronic one (Article 17) and vice versa (Article 18)
5. Cross-border recognition (Article 19)
6. Preserves substantive law – does not overreach

The G7 Agrees – 2021 Digital and Technology Ministerial Declaration

“Paper-based transactions, which still dominate international trade are a source of cost, delay, inefficiency, fraud, error and environmental impact. It is our shared view that by enabling businesses to use electronic transferable records we will generate efficiencies and economic savings. This will strengthen the resilience of our global economic system and play a crucial role in trade recovery across the G7.”



We, the G7 Digital and Technology Ministers, met on 28 April 2021 under the chairmanship of the Rt. Hon Oliver Dowden, Secretary of State for Digital, Culture, Media and Sport, of the Government of the United Kingdom, to discuss the digital and technology agenda under the theme of 'building back better'.

Our collective recovery from COVID-19 must be rooted in a desire to build back a better, more productive and resilient global economy, with digital technology at its heart. This should support open societies in the digital and data-driven age, and be guided by our shared democratic values of open and competitive markets, strong safeguards including for human rights and fundamental freedoms, and international cooperation which drives benefits for our citizens, economies and global well-being.

We have therefore decided to place the needs of open, democratic societies at the centre of the technology debate and to work together towards a trusted, values-driven digital ecosystem. We believe that such ecosystems must enhance prosperity in a way that is sustainable, inclusive and human-centric. We have also affirmed our opposition to measures which may undermine these democratic values, such as government-imposed internet shutdowns and network restrictions.

This will be delivered through six important interventions at every level of the technology stack, from the physical infrastructure and digital technical standards that underpin it, to the data that fuels it, and the applications and content with which consumers and businesses interact on a daily basis in order to harness the opportunities that the digital economy presents. The interventions address:

- Promoting Secure, Resilient, and Diverse Digital, Telecoms, and ICT Infrastructure Supply Chains
- A Framework for G7 Collaboration on Digital Technical Standards
- A G7 Roadmap for Cooperation on Data Free Flow with Trust
- G7 Internet Safety Principles
- Deepening Cooperation on Digital Competition
- A Framework for G7 Collaboration on Electronic Transferable Records

Digital and Technology Ministerial Declaration



Legal barriers, and regulatory and technical issues, impede the adoption of electronic transferable records. Given that network effects underpin the benefits of electronic transferable records, a multilateral approach is needed to coordinate reforms to address these impediments.

It is our shared view that by enabling businesses to use electronic transferable records we will generate efficiencies such as in time, security or data processing, as well as economic savings. This will strengthen the resilience of our global economic system and play a crucial role in trade recovery across the G7.

To this end, the G7 will initiate a dialogue between experts to work to achieve compatible domestic reforms, and provide collective support to other international initiatives seeking to facilitate the adoption of electronic transferable records, with an aim of enabling commercial operators to adopt these digital solutions for the shipment of goods and trade finance.

As part of this we will engage in domestic scoping exercises until October 2021 to:

- **MAP** domestic legal barriers to the use of electronic transferable records and establish actions to address these barriers.
- **CONSIDER** any further legal issues that may require international cooperation.
- **CONSULT** with stakeholders on private sector requirements in respect of electronic transferable records.
- **REVIEW** cross-cutting regulatory issues which may impede private sector adoption of electronic transferable records, and establish actions for cooperation.
- **IDENTIFY** best practice in existing national and sub-national legislation.
- **ASSIGN** a lead department to take forward the necessary reforms.

The G7 experts will convene in October 2021 to discuss returns of our domestic scoping exercises, and to establish a comprehensive framework for G7 collaboration on electronic transferable records. According to the results of this exercise, we will take the following steps:

This Annex has been endorsed by the Republic of Korea and Australia.

Framework for G7 Collaboration on ETRs



2022 Digital Ministerial Declaration

G7 Digital Ministers' Track - Annex 2

Principles for domestic legal frameworks to promote the use of electronic transferable records

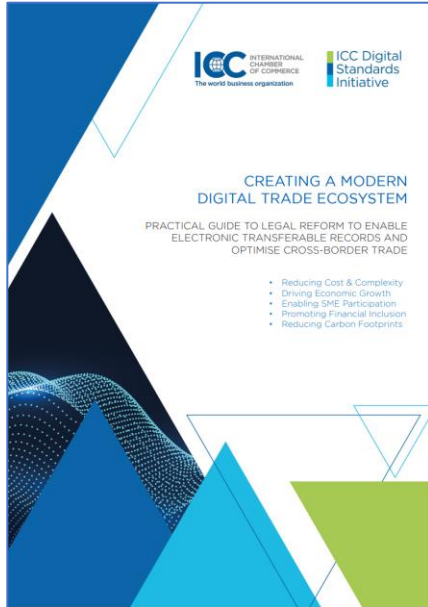
In the 2021 G7 Digital and Technology Ministerial Declaration, we recognized that paper-based transactions, which still dominate international trade, are a source of cost, delay, inefficiency, fraud, error, and environmental impact. We affirmed our shared view that, by enabling businesses to use electronic transferable records (ETRs), we will generate efficiencies and economic savings that will strengthen the resilience of our global economic system and facilitate trade recovery across the G7.

We value the work of the United Nations Commission on International Trade Law (UNCITRAL) on ETRs. We support the principles proposed by our experts, as laid out below, which complement and are consistent with this work. The principles should serve as guidance for the adoption or review of domestic legal frameworks to promote the use of ETRs. They aim to ensure that legal frameworks remain easily applicable as technology develops and do not require early adjustment. We support the adoption of domestic legal frameworks that are consistent with the UNCITRAL Model Law on Electronic Transferable Records (MLETR) and with these principles.

<https://www.bundesregierung.de/resource/blob/998440/2038510/e8ce1d2f3b08477eeb2933bf2f14424a/2022-05-11-g7-ministerial-declaration-digital-ministers-meeting-en-data.pdf?download=1>



Toolbox to assist advocacy and alignment efforts



Legal Reform Guide:
Under ICC UK leadership we launched a practical guide to legal reform – heavily building on the practical experience from engagement with UK government departments.



ADB Report:
An analysis of reform opportunities in ASEAN, CAREC and SASEC regions.



Economic Studies:
Studies published on the economic benefits of trade digitalisation to the economies of the G7, United Kingdom, Germany and the Commonwealth



La Ley Modelo de la Comisión de las Naciones Unidas para el Derecho Mercantil Internacional (CNUDMI) sobre Documentos Transmisibles Electrónicos

El Caso de la Adopción
Noviembre 2021

Advocacy tools:
A ‘case for adoption’ advocacy tool (English and Spanish) setting out the various benefits and SDG alignment.



Get in touch!

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