

# CAN SMART TRADE REPLACE TRADE WARS?

*The next artificial intelligence frontier*

UNCTAD eCommerce Week - Geneva 2018





# WHAT IS ITTI?

ITTI is a global platform to spur the development of blockchain and artificial intelligence (AI) applications for international trade negotiations, transactions and operations

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## **Project dimensions**

Awareness & Institutional engagement

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App track/prototype

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## **Key areas**

Trade negotiations (AI tools – multilateral, bilateral and regional)

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Trade operations (trade facilitation, customs, supply chain)

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Trade transactions (letter of credit / trade finance)

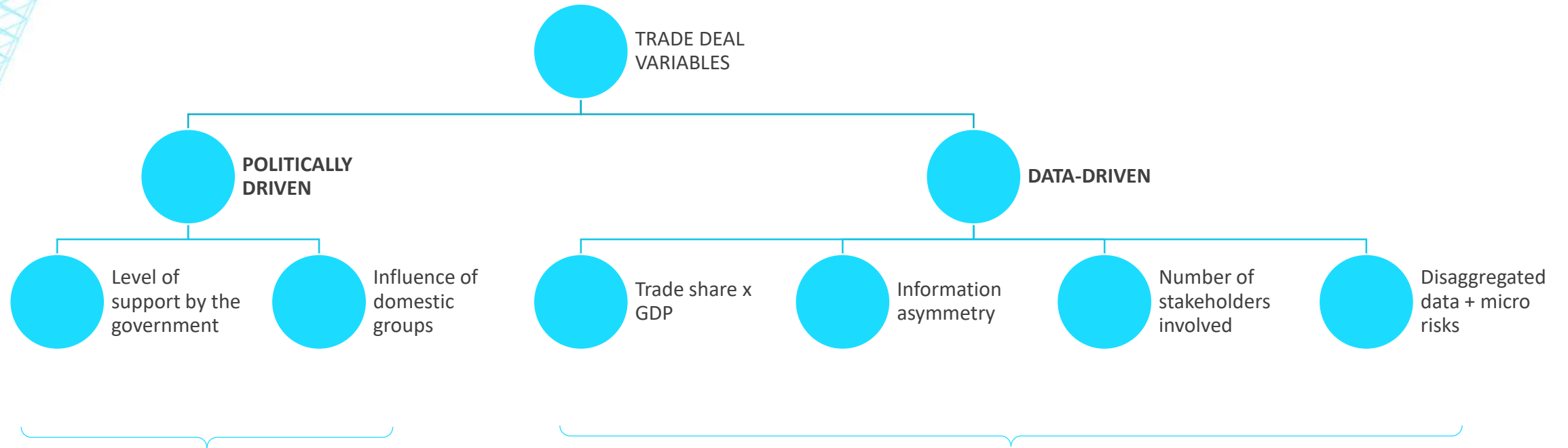
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# HOW ARE TRADE NEGOTIATIONS OFTEN PERCEIVED?

- > THEY ARE LONG
- > THEY ARE COMPLEX
- > THEY SPLIT WINNERS x LOSERS

# UNDERSTANDING THE DECISION-MAKING PROCESS OF A TRADE DEAL



> THEY SPLIT WINNERS x LOSERS

*Confidence is undermined*

> THEY ARE LONG

> THEY ARE COMPLEX



# SETTING THE VARIABLES OF COMPLEXITY FOR TRADE DEALS

> DISAGGREGATED DATA

How can related risks  
can be mitigated?

What are the main  
barriers to trade?

Which rules of origins  
should be applied?

What is the best tariff  
reduction schedule ?

Logistics: What are  
the best shipping  
routes?

What is the best  
dynamic related to raw  
materials?

Which are best levies/tariffs to be applied  
between the parties?

What is the potential for supply  
chain integration?

Which products/sectors will enter  
into the negotiations?

How is the dynamics of inbound/outbond trade between the parties?



# WHICH AI TOOLS CAN TRADE NEGOTIATIONS BENEFIT FROM?

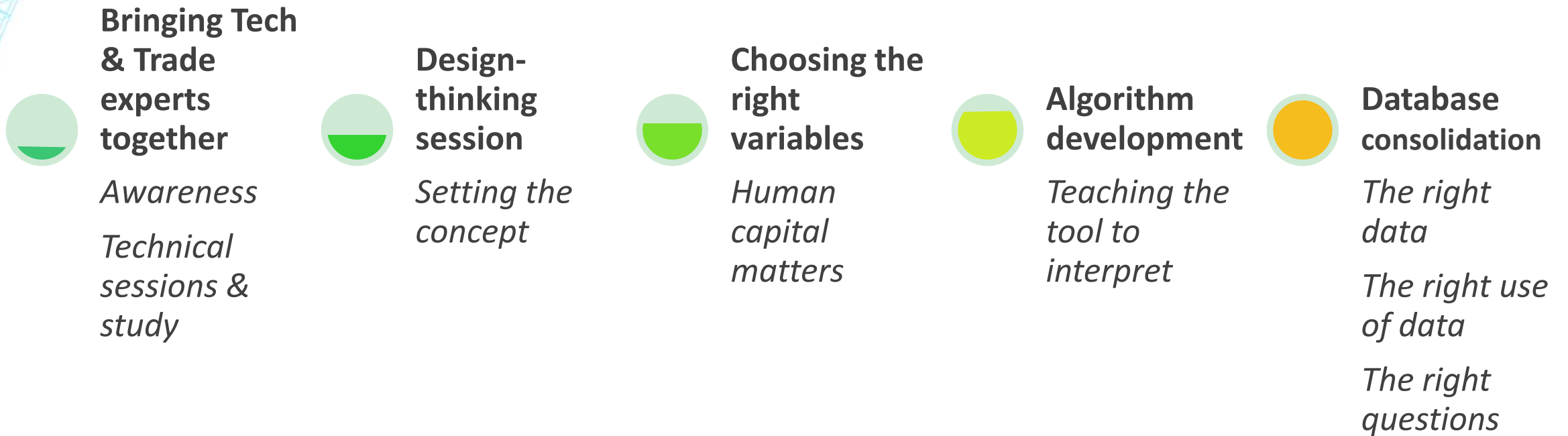
- > DATA MANAGEMENT
- > PREDICTIVE ANALYSIS
- > MODELING
- > COGNITIVE



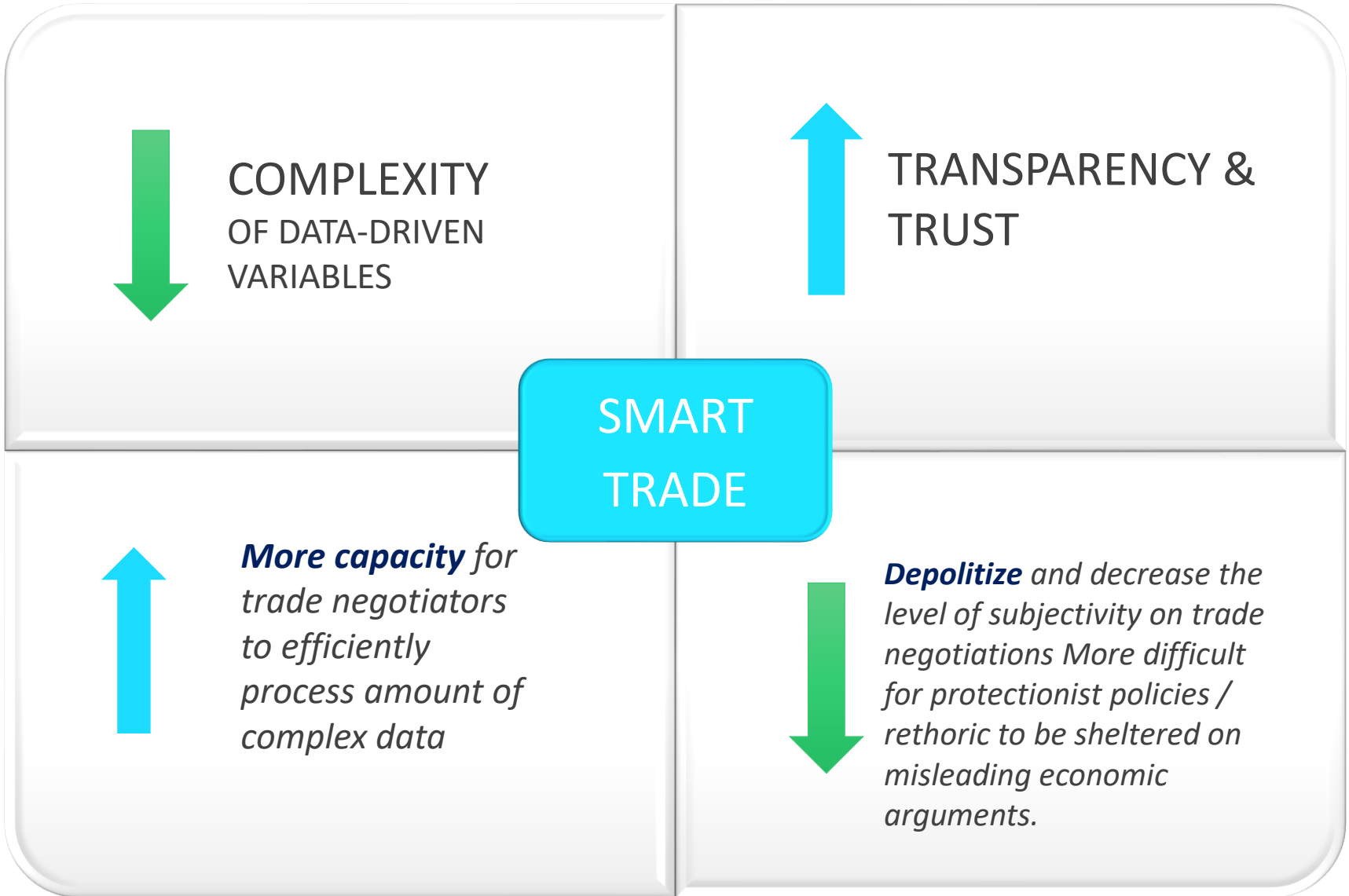
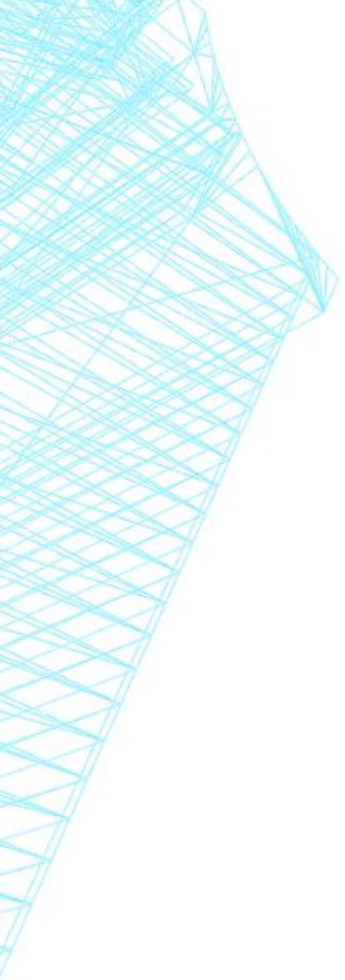
# APPLICATIONS

- > REGIONAL / BILATERAL NEGOTIATIONS
- > MULTILATERAL NEGOTIATIONS
- > “COMPARE AND COMPLY” – Trade policy review at the WTO.

# OUR JOURNEY TO BUILD A TECH&TRADE TOOL







SMART  
TRADE



# THE CHALLENGES: GOVERNANCE & DATABASE

- > UNCTAD
- > WTO
- > UN COMTRADE
- > UNCTAD
- > THE WORLD BANK
- > ITC
- > ATLAS OF ECONOMIC COMPLEXITY (MIT/HARVARD)

# CONCLUSIONS

- > **Data-driven** variables have much more influence on affecting the length of trade negotiations than politically-driven variables do.
- > AI will **reduce the complexity** of trade negotiations and speed-up the process of data gathering for trade negotiators, helping them to define the best strategy.
- > “Access to these technologies for both developed and least developed countries will be a *turning point* in how nations create trade policies and could **minimize the influence** of interest groups and policies when making trade decisions” (Emb. Alvaro Cedenio).
- > AI will be useful on analyzing potential barriers to trade as well as on identifying trade opportunities to be seized by all parties. We would be then better positioned to suggest **win-win** situations between different poles of a trade negotiation.



# Gabriel Petrus

**Executive Director, ICC Brasil**  
**[gabriel.petrus@iccbrasil.org](mailto:gabriel.petrus@iccbrasil.org)**

