



FIT Alliance and Developments Towards a Universal Electronic Bill of Lading



On 5 September, 2023 the FIT Alliance, consisting of five founding members who work together to generate awareness about the benefits of going digital and the importance of common and interoperable data standards and common legislative conditions, introduced the eBL Declaration, aiming to encourage the widespread adoption of electronic bills of lading (eBL). Currently, nearly 100 organisations, encompassing carriers, shippers, freight forwarders, banks and technology providers, have signed up. In a virtual meeting with Gaftaworld, BIMCO, represented by **Mads Wachter Kjærgaard** (Manager, Standards, Innovation & Research) and the ICC Digital Standards Initiative (DSI), represented by **Hannah Nguyen** (Director - Digital Ecosystems), explored the transformative potential of this global movement and how Gafta members could actively participate.

What is the FIT Alliance and the eBL Declaration all about?

BIMCO: The FIT Alliance signifies a unified approach to trade digitalisation, contrasting with previous fragmented attempts. It brings together industry stakeholders such as ICC for the trade community, DCSA for container carriers, FIATA for freight forwarders and Swift for banking, along with ourselves, representing the broader shipping community.

DSI: The eBL Declaration calls on all stakeholders to publicly endorse digitalisation, starting with eBLs, and to collaborate broadly to drive this transformation within their respective industries.

How would Gafta members benefit from embracing this movement?

BIMCO: The trade often depends on the original BL's arrival at discharge port. Unfortunately, that original can be stuck somewhere in the system, and industry frequently resorts to issuing letters of indemnity as a pragmatic solution. However, eBLs offer a compelling alternative, ready to address such issues with tried-and-tested technology solutions. In the iron ore trade, some companies are already conducting more than 25% of shipments via eBLs.

DSI: Digitalisation makes trade faster, simpler and cheaper and this is critically important, especially for small businesses trying to grow their international footprint. More importantly, the same data and trusted references that smooth interactions in the physical world are also important for financing. According to the Asian Development Bank, the world has a 2.5 trillion USD trade finance gap. Digitalisation would help collect and share important data points about the goods, their movement and even ESG attributes that help banks lower the costs to serve, unlock more liquidity and enable more trade to flow.

eBLs have been around since the nineties. What's different now and what's taken the industry so long?

BIMCO: Again, the answer here would be the unified approach. You have industry organisations working together towards the same goal rather than taking a siloed approach. We in the FIT Alliance are developing industry standards that are entirely aligned and free to use. This will allow for interoperability across eBL solution providers and also integration into other systems.

DSI: In addition to the unified industry approach, we also need to update the laws which have been governing trade for decades, as these help businesses gain clarity on where they stand, and mitigate risks. Today more countries are aligning domestic laws with the UNCITRAL Model Law on

Electronic Transferable Records (MLETR), making electronic transferable records like eBLs legally recognised. The recent enactment of the UK's Electronic Trade Documents Act is one key milestone. Additionally, global banks' early support for the Declaration has galvanised both the physical and financial supply chains.

What is the current level of digitalisation in the agricultural commodities trade, and what do the next 3-5 years hold?

BIMCO: While some agricultural companies have made progress in digitalisation, paper BLs remain prevalent. In sectors like iron ore and steel, major mining companies already ship over 20% of their annual volume via eBLs, with further growth expected.

Any plans to digitalise other trade documents like Certificates of Origin and phytosanitary certificates?

DSI: Absolutely. We are on track to release a globally interoperable data and standards map for the entire supply chain by 2024, encompassing all key trade documents including COO and phytosanitary certificates.

For Gafta members interested in joining this journey, what's the first step?

DSI: Sign the eBL Declaration and start engaging with like-minded signatories! Everyone can play a part and your readiness to change can send ripples through the entire supply chain.

BIMCO: It is vital for companies to have a high-level discussion and prioritise digitalisation within their organisation. The FIT Alliance has issued a *Complete Guide to eBL Adoption for Bulk Trades**, which serves as an excellent starting point. We also encourage you to reach out to us for further discussion.

Any final thoughts to inspire Gafta members to embark on this transformative journey?

BIMCO: eBLs are safer, faster and greener. They reduce fraud risk, reliance on Letters of Indemnity, process times and carbon footprints. Embracing eBLs is not only beneficial for your business but also the planet.

DSI: Going digital offers greater visibility, agility and resilience, especially during uncertain times. Companies that embrace digitalisation will thrive, while those that don't risk falling behind. Prepare for the future now!

*<https://www.bimco.org/insights-and-information/general-information/20230828-ebl-guide>

For more information on the FIT Alliance and the eBL Declaration go to: <https://www.fit-alliance.org/>