

*A record high number of 10 e-trade network service firms participated in the 14th Steering Committee Meeting and Working Group Meeting of Pan Asian e-Commerce Alliance (PAA), held Feb. 10-13, in Seoul, Korea, marking several remarkable achievements in addition to the progress on the agenda related to the realization of seamless trade services in the regional communities.*

## 14th Pan Asian e-Commerce Alliance Steering Committee Meeting

### Record High Number of Participation in Seoul

The 14th Steering Committee Meeting and Working Group Meeting of Pan Asian e-Commerce Alliance (PAA) were held February 10-13 at COEX in Samsung-dong, Seoul.



The meetings held for the second time in Seoul, following the sixth round of meetings in November 2002, made several remarkable achievements in addition to the progress on the agenda related to the realization of seamless trade services in the regional communities.

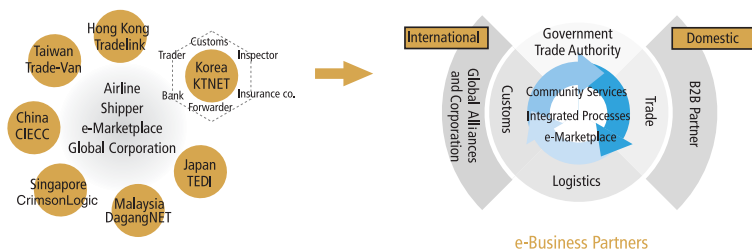
It was noteworthy that a record high number of 10 e-trade network service firms participated in the meetings. The participants included PAA member companies, CIECC (China), TEDI (Japan), TradeVan (Taiwan), CrimsonLogic (Singapore), Dagang Net (Malaysia), TEDMEV (Macau) and KTNET (Korea), and CAT of Thailand.

The participating firms shared the opinion that considering the characteristics of trade, there would be limitation on realizing true global trade with just a specific country's effort. They also shared recognition that for the establishment of an e-trade foundation respective countries need to keep step with each other in revamping related laws and systems by utilizing multilateral cooperation channels of international organizations as well as bilateral cooperation, and jointly promoting the activation of e-trade.

Based on the consensus reached at the meeting, Korea's Ministry of Commerce, Industry and Energy (MOCIE) announced its plan to take the initiative in realizing e-trade in APEC by suggesting establishment of a regional e-trade environment slated for 2005 in Seoul, in addition to ASEM, and received all-out support from most of the participating PAA members. The firms also assured the ministry that they would recommend that their governments support the plan.

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## KTNET Director Elected PAA W/G Chairman

*Han Hak-Hee, newly-elected PAA's working group chairman vows he will take the lead in the 'Change of Paradigm' for PAA affairs, which have so far stressed only B2B transactions, to a user-orientation.*

KTNET Director Han Hak-Hee was elected PAA's working group (W/G) chairman unanimously at the 14th PAA Steering Committee Meeting held at COEX in Seoul February 10-13. PAA's substantial business affairs are handled by the working group, comprised of five sectors, exchange of e-documents, mutual recognition of e-signatures, trade information directory, cargo tracking and e-trade financing.

In a recent interview, Director Han said he would strive to enhance the infrastructural competitiveness of Asian nations' standards, while sparing no effort to support domestic firms. Han added that his election as PAA's W/G chairman would be momentum to reconfirm Korea's enhanced position in the e-trade field among Asian countries.

The newly elected chairman went on to say, "The key to building an infrastructure for B2B transactions depends upon how many subscribers are using it. I will resolve this matter by networking of solutions like ERP and CRM, with which users have finally come to accept." His remarks reflect his will to take the lead in the 'Change of Paradigm' for PAA affairs, which have so far stressed only B2B transactions, to a user-orientation. "Preparation of good-quality content and information are important, and solutions with built-in networking capability also can be an answer," Han said.

Han emphasized, "Definition of standardization, certification of security, etc. also are tasks to be solved by the PAA working group. Such a paradigm change is directly connected to the competitiveness of our country as well."



## Information Security Prize Kisses KTNET

*KTNET was chosen as one of the ISA awardees for the President's Prize of Korea Information Security Agency (KISA) for its excellent performance in the field, together with Shinhan Bank, Woori Bank, Korea University and Chonnam National University.*

The Ministry of Information and Communication (MIC) selected winners of the second Information Security Awards (ISAs) on December 29, 2003. The awards were inaugurated and instituted annually as part of the ministry's information protection culture campaign.

KTNET was chosen as one of the ISA awardees for the President's Prize of Korea Information Security Agency (KISA) for its excellent performance in the field, together with Shinhan Bank, Woori Bank, Korea University and Chonnam National University.

Meanwhile, DACOM was selected as MIC Minister's prize winner in recognition of the company's achievements in the security protection area, such as establishment and management of a nationwide information network, active interest and investment in its information protection department, while securing excellent specialized manpower.

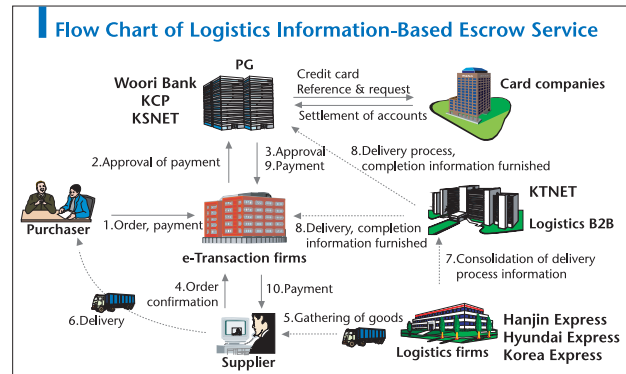
Those selected for ISA's special prizes to be presented by the chairman of Information Protection Practicing Council are Hyundai Marine & Fire Insurance, Korea Information Certificate Authority Inc. (KICA) and Korea Advanced Institute of Science and Technology (KAIST).

The nine ISA winners will be given plaques naming them information security awardees', and their respective successful practices and on-site experience also will be published for distribution to Korean businesses.

## Logistics Escrow Services to Begin Next Month

*As this logistics information escrow is a real-time service, unlike the existing escrow, payment to a shopping mall is made in three to four days, not the usual 15 days or so. This also eliminates the problem of notification of the receipt of goods by the client via the Internet.*

Early next month, a coalition of banks, e-payment and courier services plans to start a new concept logistics information escrow service (tentatively called 'logistics-based escrow'), which will greatly reduce various payment periods.



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information escrow is a real-time service, unlike the existing escrow, payment to a shopping mall is made in three to four days, not the usual 15 days or so. This also eliminates the problem of notification of the receipt of goods by the client via the Internet.

According to a related industry source on Mar. 7, the main agents of MOCIE's logistics B2B pilot project: KTNET, Woori Bank and KCP (an e-payment firm), in cooperation with Korea Express, Hanjin Business, Hyundai Express, and KSNET (a VAN business firm) have completed building a system to start a reliable escrow service based on logistics information.

This service, in particular, provides safe and accurate services through a reduced payment period and in linkage with logistics information, as it is built to minimize burdens, including elimination of having to develop a separate system for shopping malls.

This system, according to KTNET, is highly reliable as it has undergone a thorough verification and test process by such major domestic logistics firms as Korea Express, Hanjin Business and Hyundai Express as well as KTNET in a two-year logistics B2B pilot project.

To ensure safety and security such as prevention of theft of personal information on the Internet, the system is based on the systems of KTNET and TradeSign, government-accredited public certification agents.

KCP said that the service will be expanded to 15,000 shopping malls that now use KCP's PG so as to provide rapid payment settlement at the same rate for shopping malls using this service, and at the same time it will be in the forefront of standardizing the e-transaction escrow service centered on the cooperative system.

Participating firms plan to hold briefing sessions on business related to this service on Mar. 18 at KTNET.

## Air Cargo AMS Explanatory Session

KTNET held an explanatory session on air cargo AMS (Automatic Manifest System) on February 5 at Rm. 402, 4th floor of COEX building in Samseong-dong, Seoul.

The session was arranged in advance of the United States' enforcement of air cargo AMS on March 4 this year along with marine CSI (Container Security Initiative). AMS calls for transmission of all air cargo data, including HAWB (House Airway Bill), prior to four hours before the arrival of the relevant air cargo.

KTNET held the event in order to explain the new system and also to provide a venue for discussion of pending issues between related agencies and businesses and for pursuit of appropriate countermeasures to minimize its impact on Korea's exports to the United States.

The session proceeded in the following order of themes and introductions: Changes in Export Logistics Flow Following the U.S. enforcement of Air Cargo AMS and Countermeasures (KITA); Present Submittal Status of U.S. Customs' Air Cargo Information and Future Changes in Procedures (Korean Airlines/Asiana Airlines); and Introduction and Support System for U.S. Customs' Air Cargo AMS (KTNET).

## 'KTNET Will Take the Lead in National Logistics Informationization'

The e-trade history of Korea spans 10 years, the same as that of KTNET. The development of IT technologies and spread of Internet access are major drivers for e-trade as well. KTNET is the very enterprise which is accommodating the demand for change, not only growing Korea into a strong e-trade nation but also carrying out a leading role in international cooperation for the development of global e-trade.

In a recent interview with a local publication, KTNET's

President Shin, Dong-Oh emphasized 'Process Competitiveness' as a new competition tool, saying "labor resources, price, quality and technology that have led the Korean economy to date can no longer be the factors that will maintain the nation's superiority." In other words, he implied that IT-based e-trade will be a key competitive factor in export and import activities.

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### The following is a translation of President Shin's interview with the local paper - ed.

**Q: Korea's e-trade infrastructure is praised as world-class. What roles has KTNET played in upgrading the global position of the nation's e-trade infrastructure ?**

**A:** KTNET is now strongly positioned as a robust e-trade service provider through its EDI system, a VAN. However, it has not been easy for KTNET to reach this position. A huge amount of investment, beyond your imagination, was made to set-up the infrastructure and for technology development over a long period of 10 years.

Through continued investment, KTNET has networked all trade-related agencies and businesses, including Korea Customs Service (KCS), export/import requirements-confirmation agencies, domestic and foreign banks, non-life insurance firms, Korea Export Insurance Corp., Korea Chamber of Commerce and Industry (KCCI), customs clearance and logistics companies, etc., and automated the processes necessary to execute trade-related transactions.

KTNET also has standardized about 300 kinds of e-documents and provided them to related trading firms and agencies. As a result, KTNET realized 100% automation in the customs-clearance sector, reducing auxiliary trade expenses by 5.4 trillion won annually.

As far as e-trade is concerned, KTNET is confident that it has established the world's strongest infrastructure. After conversion of the present EDI-centered system to an Internet-based system, KTNET is also proceeding with the work to needed to keep it in line with the changing customer environment and global trends.

**Q: Please briefly introduce KTNET's services and infrastructure to activate the e-trade of domestic enterprises. Furthermore, kindly explain the present status and promotion plans for 2004.**

**A:** To cope with the recent strong Internet tide and to meet the demand for a global trade market cyber network, KTNET is constructing a service system, an e-trade platform, which can link business procedures for trade, customs clearance and logistics and process them on a one-stop basis.

This platform enables logistics service providers to exchange logistics-related information with KCS and the Ministry of Maritime Affairs and Fisheries (MOMAF). Through the platform, cargo-owners, shipping companies, airlines, forwarders, bonded transport firms, customs brokers, etc. can process all export and import procedures from Alpha to Omega. The system aims to establish the foundation for international 'Paperless Trade,' able to process all trade transactions electronically from trade discussions to conclusion of contracts.

Among all the types of electronic transactions, e-trade processes, in particular, are complicated and associated with as many as 300 related organizations such as export/import requirements-confirmation agencies, domestic and foreign banks, insurance companies, chambers of commerce and industry, customs clearance agencies, etc. Therefore, e-trade has a structure that inhibits smooth e-transactions unless a specific body can provide the necessary linkages. This is the reason for the existence of the e-trade platform. KTNET's strategy is to carry out functions to link the diverse players.

Of course, one e-trade platform alone can not perform all the required functions. There can be two to three platforms in the financing, trade and international logistics sectors as well as participating agencies. If these multiple platforms can perform hub functions while maintaining their network, one-stop e-trade will be possible, I believe.

In that vein, KTNET is working quickly to set up e-TradeFrame to process purchase and L/C-related affairs; e-LogisFrame to carry out export/import logistics affairs between shipping companies, airlines, forwarders, warehouses, customs office and traders; and e-CustomsFrame to process export/import clearance affairs via the Internet in addition to the confirmation of export/import requirements. KTNET also plans to complete linking these frames in the first half of this year.

**Q: Trade is a global business. The linkages between domestic systems and international systems will be most important. What is KTNET's plan for this?**

**A:** The linkage of domestic e-trade with international systems is the most urgent task we have. Without global linkage, trade processes would be truncated and the effect of domestic system establishment would be halved. Therefore, three years ago, KTNET started to speed up the work to link the domestic system with systems of other countries. At present, a pilot project has been partially completed but has not yet reached the commercialization stage. I expect that commercialization will be possible in one to two years.

Presently, KTNET is participating in an initiative for service linkage with the related agencies of seven PAA (Pan-Asian e-commerce Alliance) member countries and in the 'Korea-Japan e-Trade Hub Project,' etc. to realize paperless trade. Paying keen attention to the United States, Korea's largest trade partner, meanwhile, KTNET plans to promote service linkage with that country from a private perspective in 2004.

**Q: The work of PAA to launch joint cooperation in the Asian region to spread global e-trade appears to be very active. KTNET is reportedly leading the PAA activities. What roles is KTNET playing and what about future plans?**

**A:** Inaugurated in August 2000, there are six working groups in PAA at present. The PAA members who are working most dynamically in the PAA's key 'Secure Cross-Border Transaction Working Group' are KTNET, Tradelink of Hong Kong and tradeVan of Taiwan. KTNET-suggested ebXML and e-document transmission technology have been adopted as PAA's technology standards, which are supporting users most actively. In addition, KTNET is acting also as chairman of the Cargo Tracking W/G and Financial Fulfillment W/G.

Although the focus is on overseas e-document transmission service at present, PAA's future core project will be e-trade financing service. Consequently, we plan to provide a pilot e-B/L system this year, while targeting commercialization of an e-financing service, starting in 2005.

**Q: The Korea-Japan e-Trade Hub Establishment Project is also drawing keen attention. What is its present promotion status and future plan?**

**A:** As a cooperation project between Korea's Ministry of Commerce, Industry and Energy (MOCIE) and Japan's Ministry of Trade and Industry, the first and second-year projects have been completed and the third-year project is presently underway. In the second-year project, e-document transmission/reception service between Hyundai Motor and Mitsubishi Corp. was completed and at present, 400~500 documents are being exchanged monthly between the two companies. In the third-year, service users will be expanded to include a wide variety of business sectors, electronics, machinery, food, etc.

*(to be concluded)*