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## DIGITAL TRADE IN AND BETWEEN SINGAPORE AND THE UK - RECENT DEVELOPMENTS

**The UK is Singapore's largest services trading partner in Europe. Bilateral services trade exceeded S\$22 billion / £12 billion in 2019 and 70% of this is estimated to have had the potential to be digital<sup>1</sup>. Momentum towards the digitisation of trade has been growing in both jurisdictions, which are key within global commodities trading. In this alert, we report on some recent developments.**

By virtue of the Electronic Transactions (Amendment) Act 2021, Singapore legislation recognised e-bills of lading and other such electronic transferable trade documents (see our previous [briefing](#)). At the end of July 2022, essDOCS announced<sup>2</sup> that it had enabled the first ever electronic bill of lading transaction governed by Singapore law.

In the UK, following a consultation, the Law Commission published a report and draft Electronic Trade Documents bill in March 2022. This bill is expected to come before Parliament soon. When it passes into law, it will give electronic trade documents equivalence to paper ones, making them capable of possession and indorsement. This will be a huge step towards facilitating digital trade. See our briefing [here](#).

In an effort to boost cross-border trade, the UK-Singapore Digital Economy Agreement (UKSDEA) came into force on 14 June 2022. The UK Department for International Trade has called this the "*world's most comprehensive digital trade deal*". It is the first digitally-focused trade agreement for a European nation and the first such agreement for Singapore with a nation in Europe.

The UKSDEA aims to build a better digital architecture between the two nations. Three MOUs form its backbone: the first focuses on cybersecurity, the second focuses on digital identities and the third, on the digital facilitation of trade. The UKSDEA presents a gateway for businesses to access new opportunities in both Asia and Europe.

Forged with the goal of making digital business transactions easier, safer and cheaper, the three MOUs simultaneously provide an avenue for businesses to capitalise on opportunities in the ballooning digital economy. They establish common frameworks and rules for digital trade that will enable companies in the UK and Singapore more easily to connect digitally with their overseas partners.

Of particular interest to HFW's commodities trading clients will be the Digital Trade Facilitation Memorandum of Understanding (MOU). Published on 22 December 2021, it includes plans to develop e-documents such as e-bills, e-signatures and e-contracts and to improve accessibility in the form of pricing and platforms available when digitising trade. It will facilitate knowledge sharing between the two countries and provide opportunity for pilot projects.

A pilot scheme to simulate the transfer of e-bills is underway. If successful, this would create an ecosystem of cross-border digital trade transactions.

A mutually recognised, government approved system eliminates a host of issues that were prevalent previously. These include the high costs that come with privately owned e-document platforms, delays due to improper / inadequate execution, and fraudulent e-documents owing to the lack of regulation. Although a paradigm shift digitally comes with its suite of risks in the form of compromised or lost data and fraud, the robustness of the UKSDEA and the MOU in relation to cybersecurity offers a significant degree of comfort to sceptics.

A welcome by-product of this MOU will be the reduced carbon footprint of trade.

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<sup>1</sup> <https://www.imda.gov.sg/news-and-events/Media-Room/Media-Releases/2021/Singapore-and-the-United-Kingdom-substantially-conclude-negotiations-on-a-digital-economy-agreement>

<sup>2</sup> [essDOCS enables first ever electronic Bill of Lading transaction under Singapore Law | essDOCS](#)

## Looking beyond UK and Singapore

It is hoped that this alliance between two high-tech nations will encourage other nations to work together to create a universally recognised digital trade system.

Singapore has long been a tech trailblazer. In addition to the UKSDEA, it has three other DEAs which are currently in force with Australia, Chile and New Zealand, and a fourth DEA concluded with the Republic of Korea, and which is expected to come into force sometime this year. The UK also has other digital trade deals with New Zealand, Japan and Australia.

Building trust is a critical component in the development of digital trading and so first steps like the recent essDOCS trade and initiatives like the UKSDEA will facilitate trust in digital systems and encourage participation in the digital economy. It will be interesting to see how other countries respond to the UK and Singapore's lead.

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