



Overseas Trade

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bolero.net to cut trade costs

International trade can be a complicated and costly process, but, as in so many areas of business today, Internet-based technology has the potential to dramatically reduce these costs.

The international logistics and financial communities have come together to take advantage of the possibilities offered by the Internet, and have developed bolero.net, a global system for exchanging trade information electronically.

The bolero.net service provides a web based, paperless mode of commerce that enables users to conduct business and exchange contracts online. It will benefit all participants in the international trade chain: exporters, importers, banks, freight forwarders, carriers, ports, customs authorities and insurers. The procedure is designed to be swift, secure and reliable and allows companies worldwide to operate with improved efficiency, security and with massive cost savings.

The system has been established as a joint venture by the Through Transport (TT) Club, which represents many of the world's largest logistics firms, and the Society for Worldwide Interbank Telecommunications (SWIFT), an international banking cooperative.

Peter Scott, commercial director of bolero.net, explains the attraction of the system: "There are two questions that businesses want answered. Firstly, if I ship the goods do I get paid, and secondly, if I pay the money, do I get the goods? What people are looking for are online, Internet-based solutions that address those problems and that is where bolero.net steps in."

There are certainly considerable amounts of money to be saved by the introduction of a system like bolero.net. The United Nations and World Trade Organisation estimate that \$420 billion is wasted on paper-based trade costs every year.

Peter comments, "bolero.net brings commercial benefits to importers and exporters. Because it reduces the cost of actually doing trade and because it makes the shipment of goods more reliable, it can have a very positive impact on the cash flow of those organisations."

An electronic trade community

To use bolero.net, companies must pay a subscription to bolero.net and sign the Bolero Rule Book. The Rule Book is crucial, as it removes the legal uncertainties inherent in trading in cyberspace by establishing a legal framework within which all companies can trade.

Peter explains, "this provides a legal basis for the exchanging of electronic messaging between all the parties so you get contractual legitimacy for contracts which are made through the Bolero System - because all the messages are signed electronically."



The system of secure messaging also aims to eliminate fraud and swiftly resolve disputes between parties by verifying what information each party to a contract has received. The system will be administered by SWIFT, which already has considerable kudos as a trusted third party - it is currently responsible for more than \$2 trillion in movements between banks every day.

At present, around 20 companies have joined bolero.net and are looking to roll out the system to their customers and suppliers in the near future. Peter says, "these are major driver companies, such as Cargill and Mitsui. To get something like bolero.net off the ground you need to have the financial and strategic wherewithal to actually implement it in a serious manner and put the necessary resources behind it. These major companies also have the persuasive capabilities to draw the parties that they trade with, and the logistics and financial community that they rely upon, into serving them through the bolero.net system. Smaller entities wouldn't be able to do that as effectively."

However, Peter is at pains to point out that it is not just the major companies that will benefit from bolero.net. He believes all companies, including SMEs will have new opportunities. "If you can remove a lot of the barriers to trade that have previously existed, SMEs are really going to find themselves in a very different market. We hope that initiatives like bolero.net will open up the world marketplace for SMEs to really expand and develop their participation in potential markets."

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