Online platform aims to slash world trade costs

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By Mohamad El Amin
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BEIRUT: The world might not have a magical solution to shore up ailing economies, but an international private-public coalition says it is developing a comprehensive digital platform that could kick-start an unprecedented upturn in trade and growth.

The Global Coalition for Efficient Logistics – a Swiss-based nonprofit organization whose MENA headquarters reside in Beirut – says its online platform, to be deployed in early 2015, can bring about billions of dollars in savings in trade and logistics.

The online platform could bolster trade by a double digit figure in Lebanon alone, the organization says.

According to their recently submitted value proposition, Lebanon could halve the cost of import and export from 12 to 6 percent as a result of the system, which will translate into savings amounting to $1 billion for the Lebanese economy. And average operating costs for Lebanese businesses could fall by 15 percent.

Lebanon would also benefit substantially, given its location and strong...
regional business links, from a projected $389 billion boom in trade and more than 30 million jobs to be created across south Mediterranean states.

On a global level, the figures are even more impressive, with the cost of trade expected to fall by $691 billion a year. In addition, over $8 trillion in new markets will be available to financial, insurance and technology industries as a result of the adoption of the system, which will be deployed globally free of cost to end users.

The current status of the international logistics industry is similar to the aviation industry before Internet booking was developed, Samuel Salloum, co-founder of Global Coalition for Efficient Logistics, explained in an interview with The Daily Star in Beirut.

"A decade or so before when you had to physically go to a travel agent who would scramble to make phone calls and find you a place on the right flight. If he wished he could book with the airline that gave the biggest commission instead of the cheapest and the process ended there," Salloum said.

Financing travel was almost impossible and the amount of lost economic opportunity was stunning looking back at how business functioned, Salloum added.

"The development of online booking systems not only saved billions of dollars in expenses but created hundreds of billions in ancillary travel services, including hotels, rental cars, and insurance all at the click of a button," he said.

International logistics has so far failed to utilize the opportunities that today's technology presents. Very fragmented and inefficient, the industry still relies on outmoded ways, said Salloum, a Lebanese-U.S. citizen with decades of experience in the business.

"What had been lacking is a strong non-profit coalition that could bring international decision-makers to a consensus to create a universal system that is trusted, neutral and immune to geopolitical influences. This is exactly what we have achieved," Salloum said.

Dubbed Humminaweb, the initiative has already gathered a strong and growing alliance of top information technology firms, banks, insurance companies, economic unions and many more. Key international players, including several United Nations organizations, the Arab League, and the Union for the Mediterranean, ASEAN and many more, have joined hands with GCEL to realize the ambitious project, Salloum said.

The soft infrastructure, or the Global Logistics System, will be open-source and built cooperatively by 12 of the largest software enterprises, which already signed an exclusive deal to design the system.

Each of the 12 "gateways" will provide the system to their clients and deploy it across the globe free of cost to users, including each and every player involved in trade such as customs authorities, shippers, banks and insurance companies.

While end users of the system would pay nothing to access it, banks and insurance firms, who would have access to billions of dollars in business, would have to pay a small share of transaction profit to maintain the system and allow it to remain sustainable.

Following a successful pilot project deployed in Canada and the United States, GCEL is preparing for a second pilot project connecting India and Indonesia's trade.

"Fifty years ago, the creation of the shipping container allowed for
international trade to take to new levels of growth. We are creating a similar landmark development in the logistics and trade industry," he added.

"Lebanon should take pride to be a part of this."

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