

GLOBAL e-TRADE NETWORK

21st Century Silk Road



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➤ e-Trade Dream to Be Realized Via Single Global Window

Today, e-transformation is the cornerstone of innovation in domestic and international business communities amid a paradigm change driven by three megatrends -- digitalization, globalization and informationization. Realizing a single global window for e-trade is a basic element of e-transformation and a goal that represents common prosperity for everyone around the world.



The establishment of a successful global e-trade network is of paramount importance to seamless trade process innovation, whose benefits are wide and deep.

Against this backdrop, KTNET is committed to the pursuit of international cooperation, collaboration and coordination to build the 21st century Silk Road. KTNET initiatives are designed to spread awareness of e-trade as a mutually beneficial proposition for all enterprises, all nations and all citizens of the world.

We respectfully request your support and participation in this dream by providing us with feedback and advice as we move forward in our efforts to achieve a single global e-trade window.

Sincerely,

Ryu Chang-Moo
CEO & President, KTNET

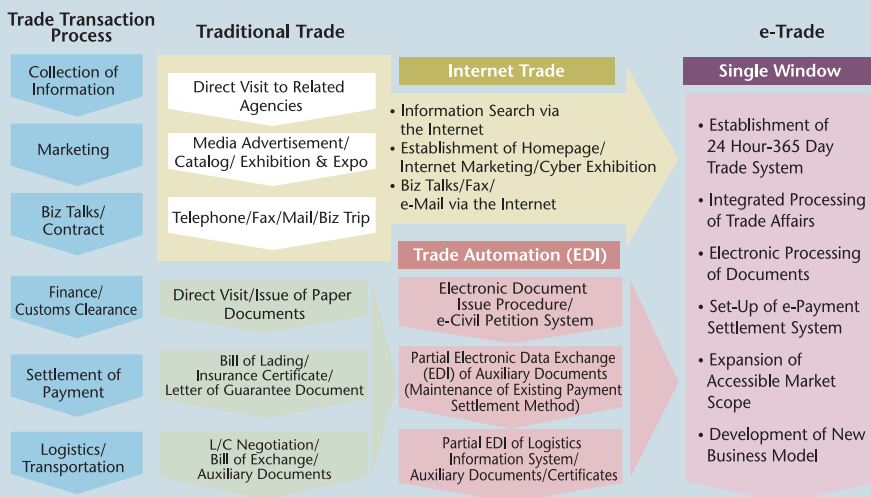
Trade Process Innovation Under New Paradigm

e-Trade is an activity that supports the conduct of international trade transactions for goods and services electronically utilizing state-of-the-art information and communications technology, including the Internet.

It is the core of e-transformation, which improves trade processes dramatically for export and import-related goods and services through electronic exchange.

- The e-trade process is defined as the flow of information (documents) exchanged between enterprises and trade-related firms (shipping companies, foreign exchange banks, forwarders, etc.) in the course of implementing a series of export and import procedures (customs clearance/logistics, settlement of payments, etc.).
- e-Trade infrastructure provides functions to process such exchanges of information (documents) electronically.
- e-Trade-related industries include a wide variety of firms involved in the trade process through e-trade infrastructure, i.e. finance, logistics, insurance, e-MP, etc.

Comparison of Traditional Trade and e-Trade



➤ Not a Matter of Choice, But a Critical 21c Survival Strategy

Aiming at cross-border trade any time, any place via the Internet, e-trade is not just a change in transaction method. It is regarded as the most economical and effective vehicle to conduct business activities. Due to the unrivaled benefits and value it generates, e-trade represents the highest level of innovation, establishing itself as the future of trade and prosperity in the global village.



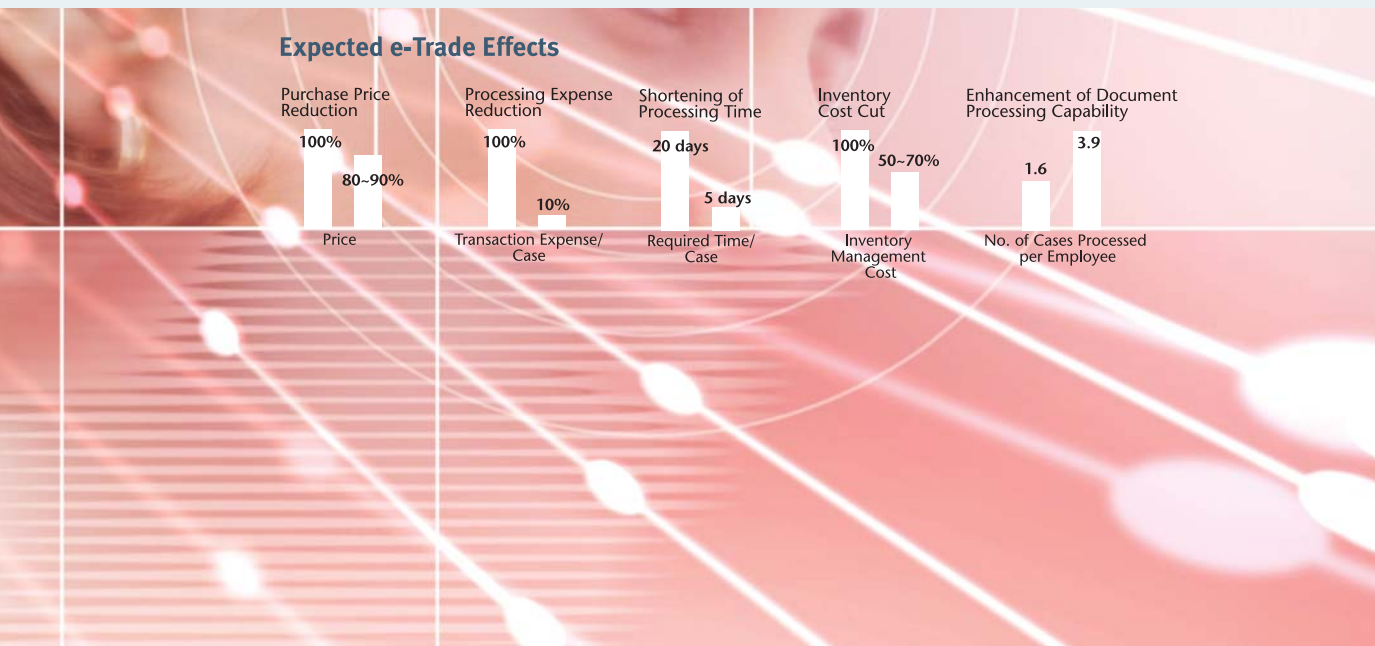
- Process innovation leads to significant reduction in costs, sharpening price competitiveness.



- Less time spent on trade administration, lower error rates, etc. enhances productivity in every area of business activity.



- Dismantling traditional barriers in terms of place and time, e-trade creates higher value as it opens channels to new markets and adopts innovation to continue normal operations even in the event of crisis/emergency such as terrorist attacks, epidemic, etc.



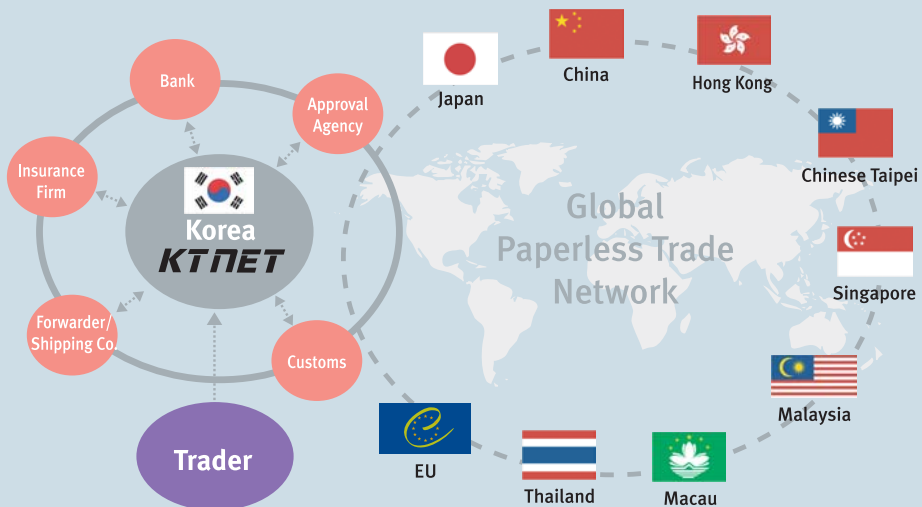
➤ Global e-Trade Network -- Finishing Touch to Realize e-Dream

In order to enjoy the benefits of the new trade system, it is necessary to build an environment that facilitates e-trade technically, institutionally and infrastructure-wise.

Moreover, given cross-border characteristics, the global e-trade network is the essential finishing touch to realize the e-dream of all mankind.

Against this backdrop, KTNET is actively taking steps to reinforce international cooperation, collaboration and coordination in order to realize a single, seamless global window.

Among the KTNET initiatives for a global e-trade network are its participation in Pan-Asian e-commerce Alliance (PAA), ASEM e-Trade Network and Global SCM Project.



➤ An Engine of Regional Integration in Asia



The Pan-Asian e-commerce Alliance is the first regional e-commerce alliance in Asia. It aims to promote and provide secure, trusted, reliable and value-added IT infrastructure and facilities in support of more efficient global trade and logistics.

The alliance's ultimate goal is to enhance seamless trade globally. Businesses from participating countries can look forward to uninterrupted cross-border trading, with easy acquisition of cross-border approvals, uniform certification policy, secure and reliable paperless trade and transactions, and the convenience of working with the Alliance as a single point of contact.

Combined membership of the parties now exceeds 120,000 organizations, representing almost all active trading enterprises in the Asian market.

PAA Members

- China - CIECC
- Chinese Taipei - Trade-Van
- Hong Kong SAR - TradeLink
- Japan - TEDI
- Korea - KTNET
- Macau SAR - TEDMEV
- Malaysia - Dagang Net
- Singapore - CrimsonLogic
- Thailand - CAT Telecom

PAA Projects

- Secure Cross-border Transaction Services
- Mutual Recognition of Public Key Infrastructure (PKI)
- Establishment of a Pan-Asian Portal
- Cargo Tracking & Visibility Service
- Financial Facilitation

➤ Benefits and Value of PAA Umbrella

A GATEWAY TO N.E. ASIAN ECONOMY

Asia is emerging as new lever for change in the global economic map. Northeast Asia, for instance, accounting for 20% of total global production in 1999, is projected to reach 30% by 2020. PAA is the gateway to the Northeast Asian economy, which includes Korea, China and Japan.

AN OASIS OF TECHNOLOGY & SOLUTIONS

The PAA umbrella means not only mega-level market opportunities but the availability of cutting-edge digital networking and technology. PAA encompasses global IT kingpins such as Korea, Japan, etc.

A BRIDGE TO THE WHOLE WORLD

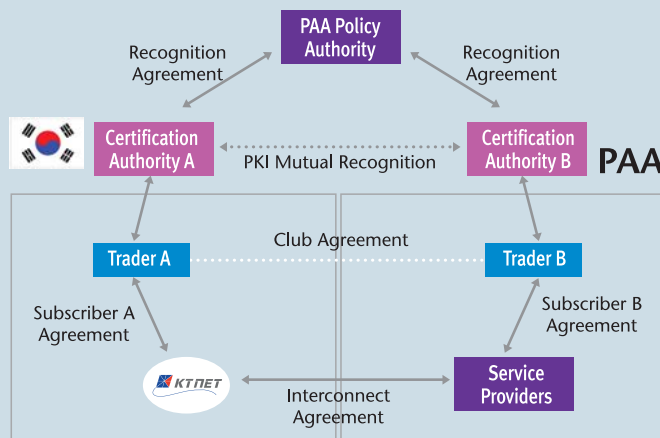
PAA is not limited to the Asian region, but can link the whole world. PAA is in full gear to build the 21c Silk Road in collaboration with the United States and European countries.



➤ Status

e-Document Standardization/Recognition

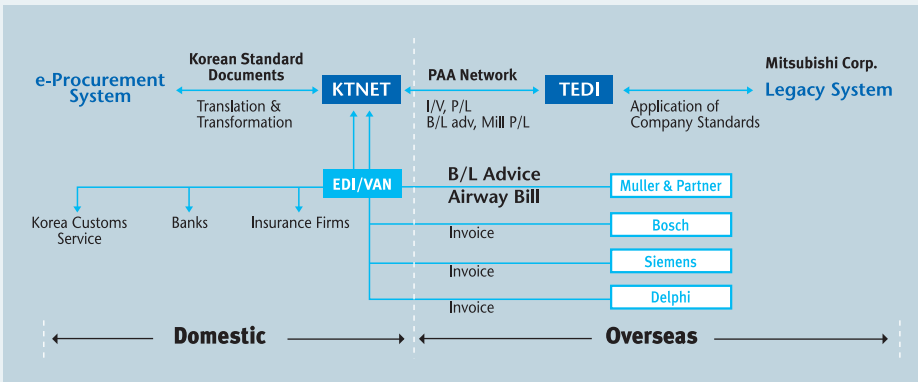
- e-Document Standardization System: Established ebXML-based subset and a standard management system for the subset
- PAA Technical Framework: Designated ebXML, the standard framework for the next-generation Internet e-commerce standard enacted by international standardization agencies UN/CEFACT, as PAA's standard technical framework.
- Certification/Security: Applied digital signatures to all e-documents for certification and security via the open Internet and prepared a technical foundation for mutual recognition of PKI by concluding 'Recognition Agreements' between PAA (Certificate Policy Authority) and certification authorities of each region.
- PAA Standard e-Trade Agreement: Concluded 'Club Agreement' for application to the multilateral framework convention on e-document standards, which specifies service level and conditions.



Global e-Document Exchange Service

Service-1

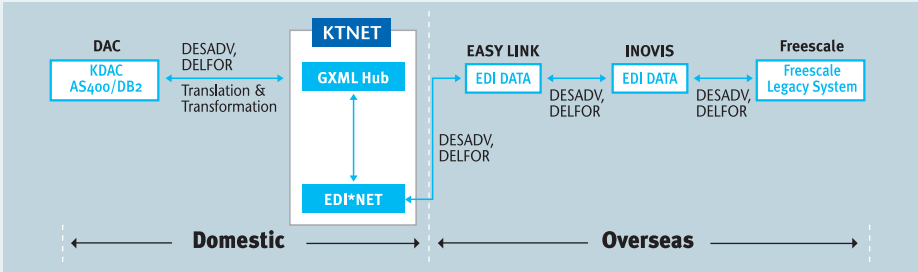
- PAA provides e-document exchange service between traders with application of various international e-commerce standard networks and standard documents
- Customers utilize PAA service through identical standard documents regardless of e-commerce standards of their transaction partners
- Applicable documents: P/O, Invoice, P/L, Ocean/Air B/L Advice, Mill P/L, DELFOR, DESADV, Firm Offer, Certificates, Pre-Declaration, C/O, etc.
- Practice 1: Hyundai Motor - Metal One (formerly Mitsubishi Corp.), Bosch, Siemens, etc.
 - Service launched in April 2003.
 - Applied to Invoice, P/L, Advice, etc.



Service-2

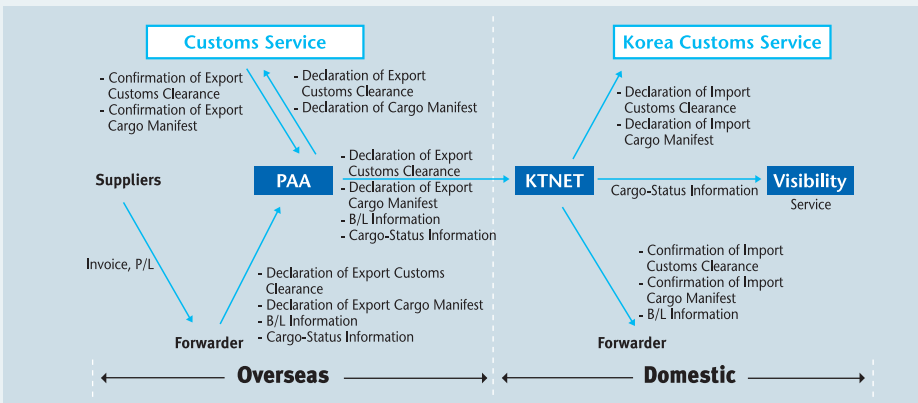
- Provides support without the need to go through PAA provider service, if overseas business partners of those firms that applied for participation in the PAA project plan to continue use of EDI VAN. It is a process for mutual exchange of applicable documents basically achieved between importers and exporters through global EDI van.
- Applicable Documents: Dispatch Advice (DESADV), Delivery Forecast (DELFOR) and B/L Advice

- Practice 6: KDAC (Korea) - Freescale (Hong Kong)
 - Service to launch around March 2005
 - Applicable Documents: DESADV and DELFOR



Service-3

- Supports enhancement of work efficiency by enabling cargo tracking/management through re-utilization of the information from existing B2G export/import customs-clearance reports mainly provided online, considering that most PAA members are customs-clearance automation service providers.
- Information exchanged: Customs-clearance declaration/import permit, cargo manifest, B/L, cargo status, etc.



➤ Connecting Asia & Europe



Following the Korea-Japan and PAA e-trade projects, Korea has proposed e-trade projects to the European Union. The EU, together with the U.S., is one of the two major economic blocks of the world. EU countries account for 25% of worldwide GDP and 35% of worldwide trade.

This project aims to promote trade between Korea and EU member countries and to achieve paperless trade/logistics operations that used to be done offline.

The ultimate goal of this project is to build an ASEM-level Paperless Trade Network connecting Asia and Europe. Six Asian countries and the EU embarked on cooperation in the field in October 2001 when the first ASEM e-Commerce Conference was held in Seoul.

Major Members of ASEM Paperless Trade P/J

- Korea - KTNET
- France - PeCI (Paris e-Commerce International)
- Germany - DAKOSY A.G.
- United Kingdom - SITPRO Ltd.

Trade Volume With Korea



➤ Objectives

- Facilitate International Trade between Asia and Europe
- Public-Private Joint Efforts
- e-B2G Doc's as well as e-B2B
- Seamless Paperless Trade Process through e-B/L, e-Nego and e-Payment

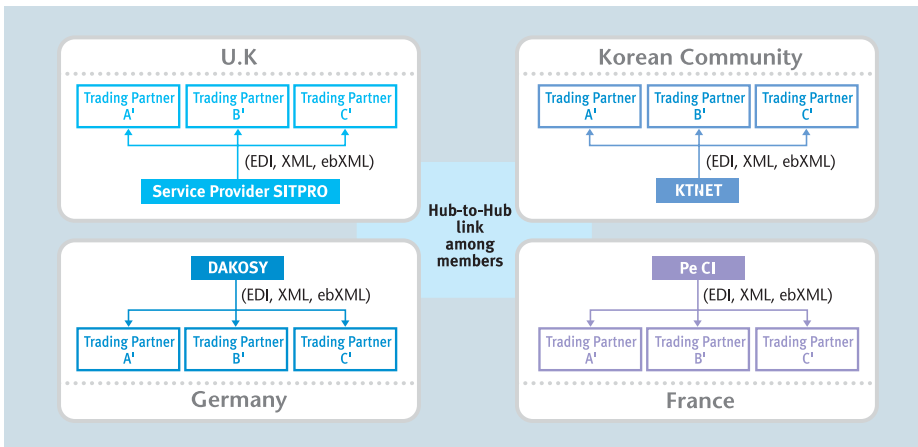
➤ History and Future Development

Year	2003	2004	2005
Applicable region, industry	- Korea-Germany, auto industry	- Korea-EU auto and other industries	- Korea-EU, expansion into other industries
Scope of business	- Expansion into e-trade of auto industry between Korea and Germany	- Expansion of area into auto industry between Korea and EU - Establishment of ASEAL (Asia-Europe Alliance for Paperless Trade) by Korea, UK, France and Germany	- Expansion into other sectors (electronics, textiles, machinery, aviation, defense, etc.) - Public-private joint pilot project on B2G documents by ASEAL
Technology	- Building of GMCC - Development of partner solution - Study of business process & standardization	- Supplement system function (GMCC, Partner Solution) with development of an engine capable of supporting diversified processes	- Dissemination of solutions equipped with process modeling tool for document conversion and process management engine, following diversification of industries

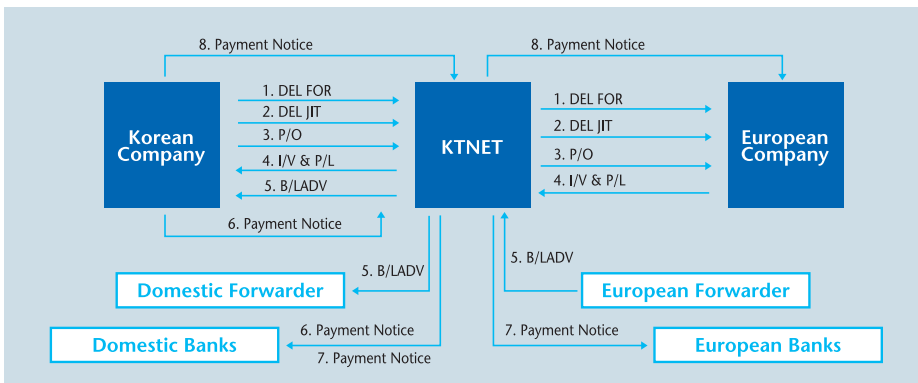
➤ ASEAL, Boosting the ASEM Project

KTNET (Korea), DAKOSY A.G. (Germany), Pe CI (France) and SITPRO Ltd. (UK) endorsed an MOU (Memorandum of Understanding) at the 1st Meeting of Asia-Europe Alliance for Paperless Trade in Jeju, Korea, on September 4, 2004.

- Launched 1st Asia-Europe Alliance for Paperless Trade (ASEAL)
- Public-Private Joint Meeting
- Korea, France, Germany and U.K. as Founding Members
- Open Community to any Asian or European country



➤ Global e-Document Exchange Service



Global e-Trade Network

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