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HSBC and ArcelorMittal Nippon Steel India successfully execute a blockchain enabled, paperless trade transaction

~ ArcelorMittal Nippon Steel India the latest among global corporates to adopt digital supply chain ~

HSBC India and HSBC UAE have successfully executed a blockchain enabled, live trade finance transaction between ArcelorMittal Nippon Steel India Limited (AM/NS India) and Universal Tube & Plastic Industries Ltd. (UAE).

The success of this transaction reinforces the commercial and operational viability of blockchain as an alternative to conventional exchanges for paper-based documentation. The solution applied in this transaction is a significant upgrade for organisations engaged in international trading of goods, as it allows all parties to use a single unified platform thereby streamlining and simplifying the process.

With AM/NS India as the seller of steel goods to Universal Tube & Plastic Industries, UAE, the end-to-end paperless transaction was executed over the Contour platform. Contour, which has been built on blockchain technology facilitates comprehensive digitisation of the end-to-end 'Letter of Credit' (LC) transaction, including the e-presentation of trade documents via the interface with essDOCS' CargoDocs platform.

In this case, the LC was issued by HSBC UAE for the importer, Universal Tube & Plastic Industries, UAE with HSBC India acting as the advising and negotiating bank for the exporter, AM/NS India.

How it works

Contour enables the underlying LC trade transaction to be fully digitised from the LC issuance stage to the final presentation of documents. It also allows transaction parties to transfer, manage and present electronic Bills of Lading (eB/Ls) and supporting documents seamlessly within its platform via the Contour-CargoDocs interface.

Benefits

The use of blockchain technology in trade finance has been instrumental in enhancing transparency and security for all parties. It helps to significantly reduce the document negotiation cycle time from as much as a week to around one day, thereby aiding unlocking of working capital for businesses. Digitisation also reduces costs associated with paper-based documents, reconciliation and streamlining the processing flow. Increasing the velocity of trade, particularly in situations where shipping routes are relatively short is another advantage.

Mr. Dilip Oommen, Chief Executive Officer, ArcelorMittal Nippon Steel India (AM/NS India), said, *"We are committed to providing smarter steel solutions for a better world. As a leading steel player in New Digital India, the company is continuously exploring avenues to strengthen its capabilities to automate and digitise the processes. Implementing Blockchain is a step in this direction and gives us a competitive advantage. The future of trade, both international and domestic, is increasingly going to be more dependent on innovations, such as blockchain platforms"*

Mr. Hitendra Dave, Chief Executive Officer, HSBC India, said, *“The commercialisation of blockchain technology to digitise trade finance is clearly gathering momentum. Having been pioneers in this arena, we are happy to partner with ArcelorMittal Nippon Steel India in leveraging blockchain technology. The benefits and transformative impact of this technology are evident and we are confident that it will lead to greater adoption by corporates for their trade finance requirements.”*

Removing the hurdles of close-proximity trade

India is UAE’s second largest trade partner and increased economic collaboration between the two is expected to further drive up bilateral trade between the two nations. While the physical transfer of goods between India and UAE takes a relatively short time, the administrative paperwork can delay their delivery. Reduced transaction time will help boost the efficiency of trade in the India-UAE corridor that is characterised by many close-proximity shipping routes.

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Note to editors:

HSBC Bank India

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities.

HSBC is one of India's leading financial services groups, with around 39,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country.

HSBC MENAT

HSBC is the largest and most widely represented international banking organisation in the Middle East, North Africa and Turkey (MENAT), with a presence in nine countries across the region: Algeria, Bahrain, Egypt, Kuwait, Oman, Qatar, Saudi Arabia, Turkey and the United Arab Emirates. In Saudi Arabia, HSBC is a 31% shareholder of Saudi British Bank (SABB), and a 51% shareholder of HSBC Saudi Arabia for investment banking in the Kingdom. Across MENAT, HSBC had assets of US\$68.9bn as at 31 December 2020.

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,976bn at 30 June 2021, HSBC is one of the world’s largest banking and financial services organisations.

ArcelorMittal Nippon Steel India Limited (AM/NS India)

AM/NS India is a joint venture between ArcelorMittal and Nippon Steel, two of the world’s leading steel manufacturing organisations. A leading integrated flat carbon steel producer in India, the company has an achievable crude steel capacity of around 9 million tonnes per annum. It produces a full diversified range of flat steel products, including value-added steel, and has a pellet capacity of 20 million tonnes.

Universal Tube & Plastic Industries Ltd

Universal Tube & Plastic Industries Ltd, a fully owned subsidiary of TAURANI HOLDINGS LTD., is one of the leading manufacturers, stockist and distributors of high frequency welded steel pipes and tubes in the United Arab Emirates. Spread over 25,000 square meters, the company is well positioned to cater to a diverse clientele across many sectors from oil and gas to onshore exploration, water treatment and desalination to petrochemical & refinery, agriculture and water irrigation to scaffolding and handrail equipment.

Contour

Contour is a leading digital trade finance network that is building the global standard for trade by bringing together the world's banks, corporates and ecosystem partners, onto a common, digital, and trusted network. Powered by innovation, trust and collaboration, Contour uses decentralised technology to offer seamless integration with market-leading digital document systems and other digital networks, enabling the instant flow of trusted data across the world's trade routes and current fragmented ecosystems. Contour has been named as a Leader in Trade for Digitalisation at the GTR Awards 2021. www.contour.network

essDOCS

essDOCS enables paperless global trade management. Its CargoDocs platform digitizes, automates, and accelerates trade operations, finance, logistics, compliance, and visibility. Its essCert platform digitizes the certification of preferential and non-preferential certificates of origin and other export/import-related documents issued by Chambers of Commerce or other authorities. 59,000+ companies, ranging from 31% of the Fortune Global 100 to innovative SMEs, use essDOCS solutions globally in warehouses as well as bulker, tanker, container, and barge movements. Customers are supported from offices in London, Athens, Galway, New York, Shanghai, Kolkata, Adelaide, and Singapore. To find out more, visit essdocs.com.