

AGRICULTURAL COMMODITY BLOCKCHAIN

A soybean shipment transaction from the United States to China

2018 has seen the first successful blockchain transaction for an agricultural commodity – using the Easy Trade Connect (ETC) platform prototype.

For the first time ever in the agricultural commodities sector, this trade included a full set of digitalised documents (sales contract, letter of credit, certificates) and automatic data-matching – avoiding task duplication and manual checks.

The process mirrored the paper-based one and showed significant efficiency improvements for all participants in the chain.

It was completed by Louis Dreyfus Company (LDC), Shandong Bohi Industry Co., Ltd (Bohi), ING, Societe Generale and ABN Amro.

1

The buyer (Bohi in China), and seller (LDC in the US) enter into a deal via a **Sales Contract on the ETC platform.**

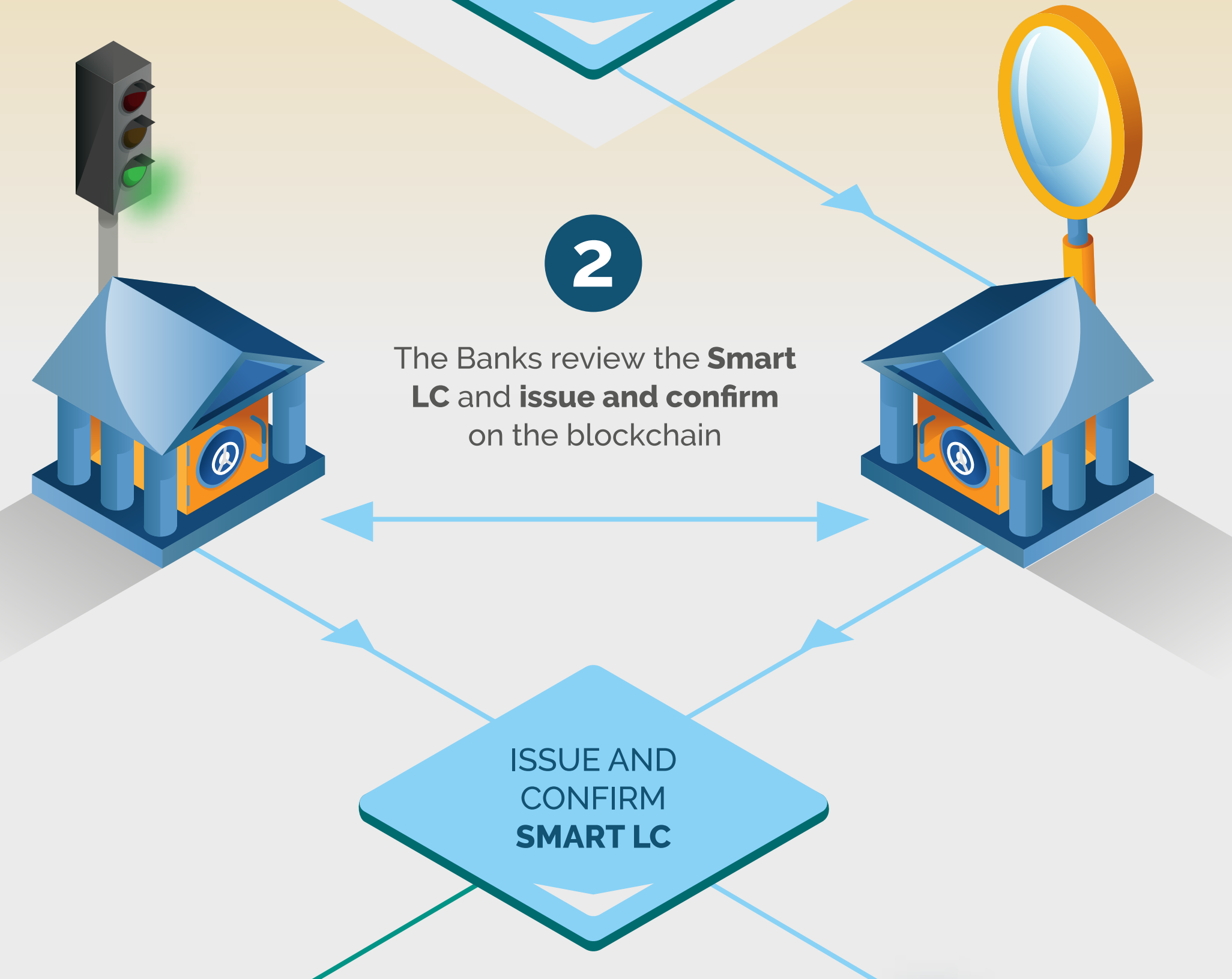


The buyer (Bohi) then requests a **Letter of Credit (LC)**

2

The Banks review the **Smart LC** and **issue and confirm** on the blockchain

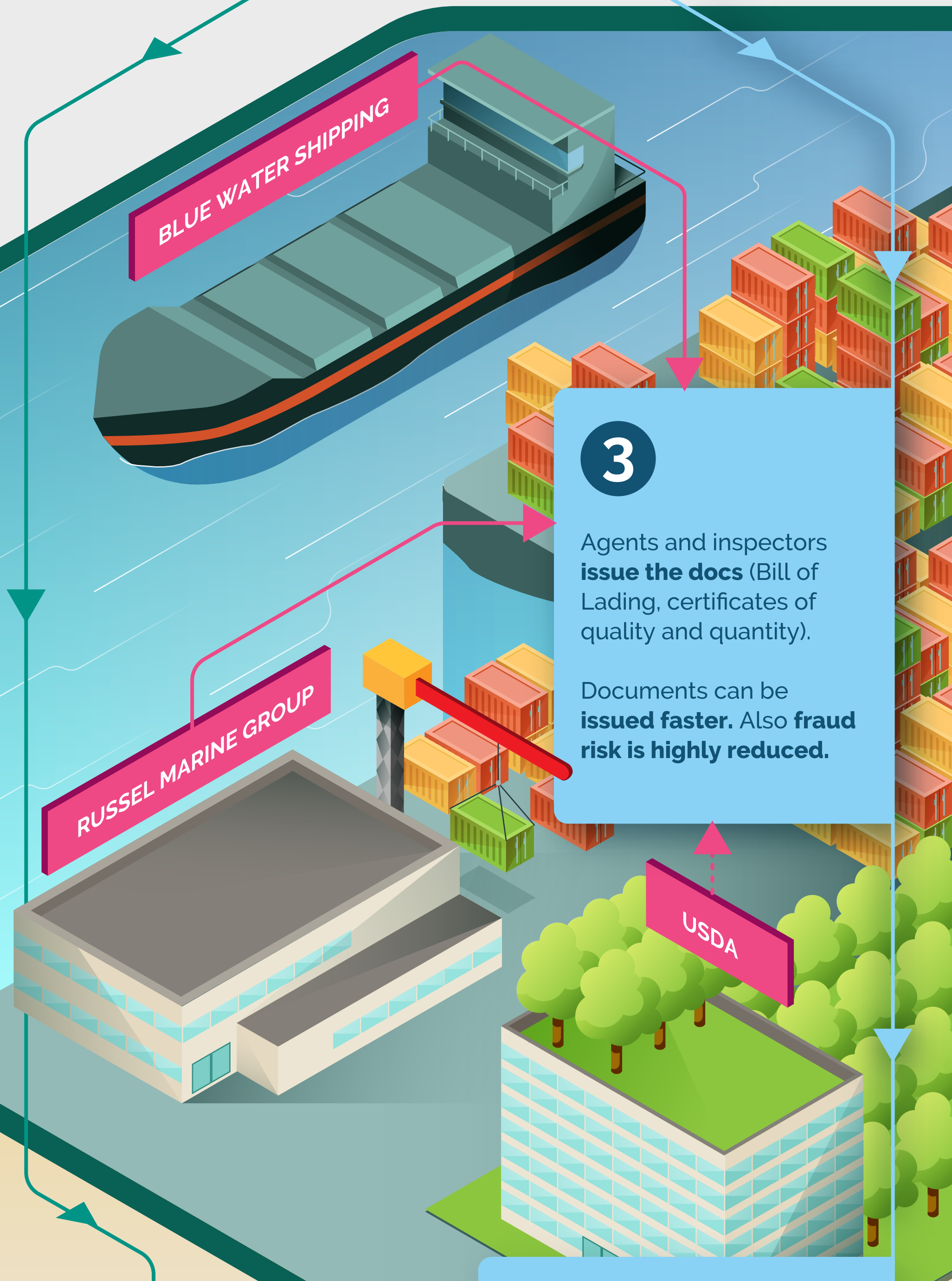
ISSUE AND CONFIRM SMART LC



3

Agents and inspectors **issue the docs** (Bill of Lading, certificates of quality and quantity).

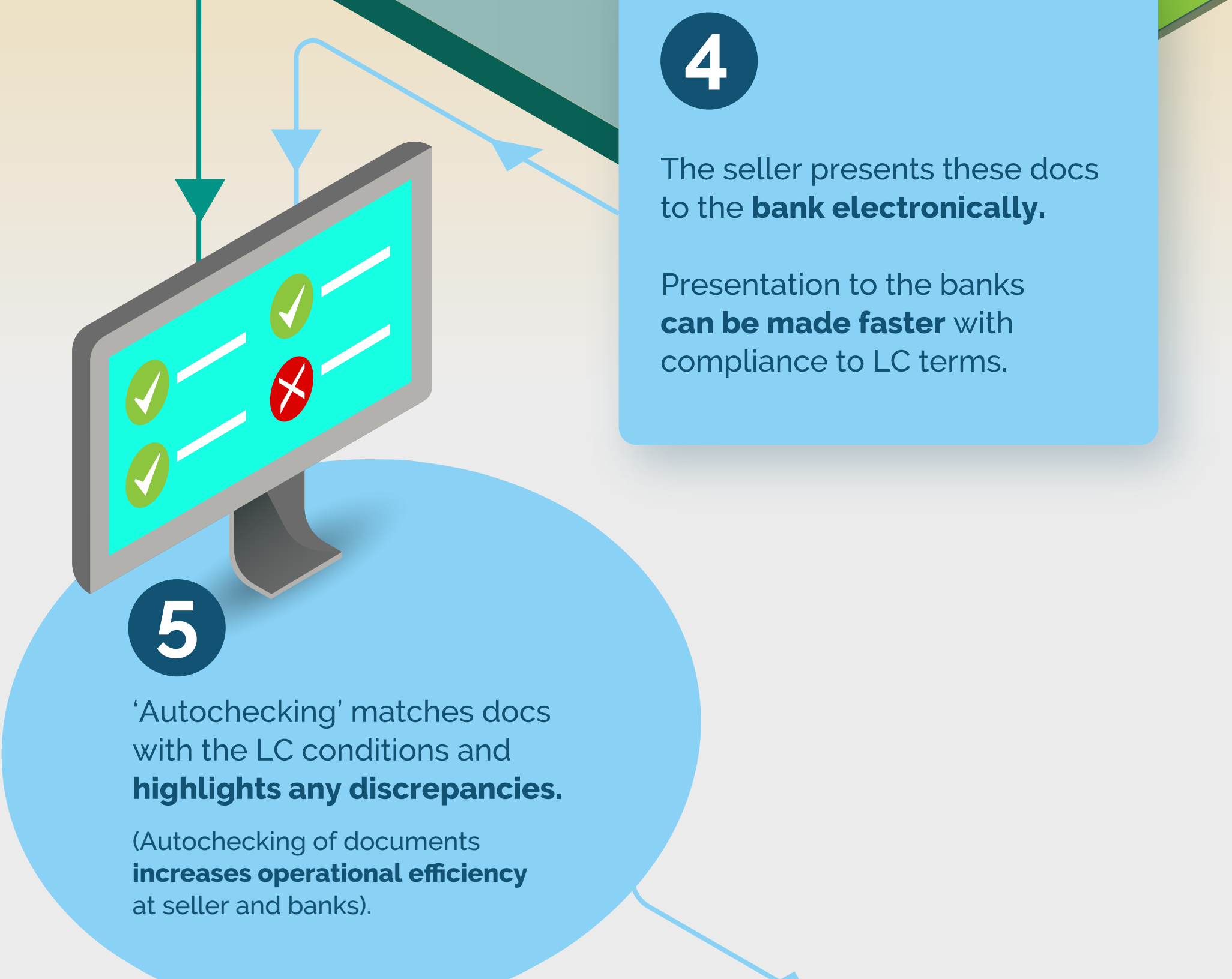
Documents can be **issued faster**. Also **fraud risk is highly reduced**.



4

The seller presents these docs to the **bank electronically**.

Presentation to the banks **can be made faster** with compliance to LC terms.



5

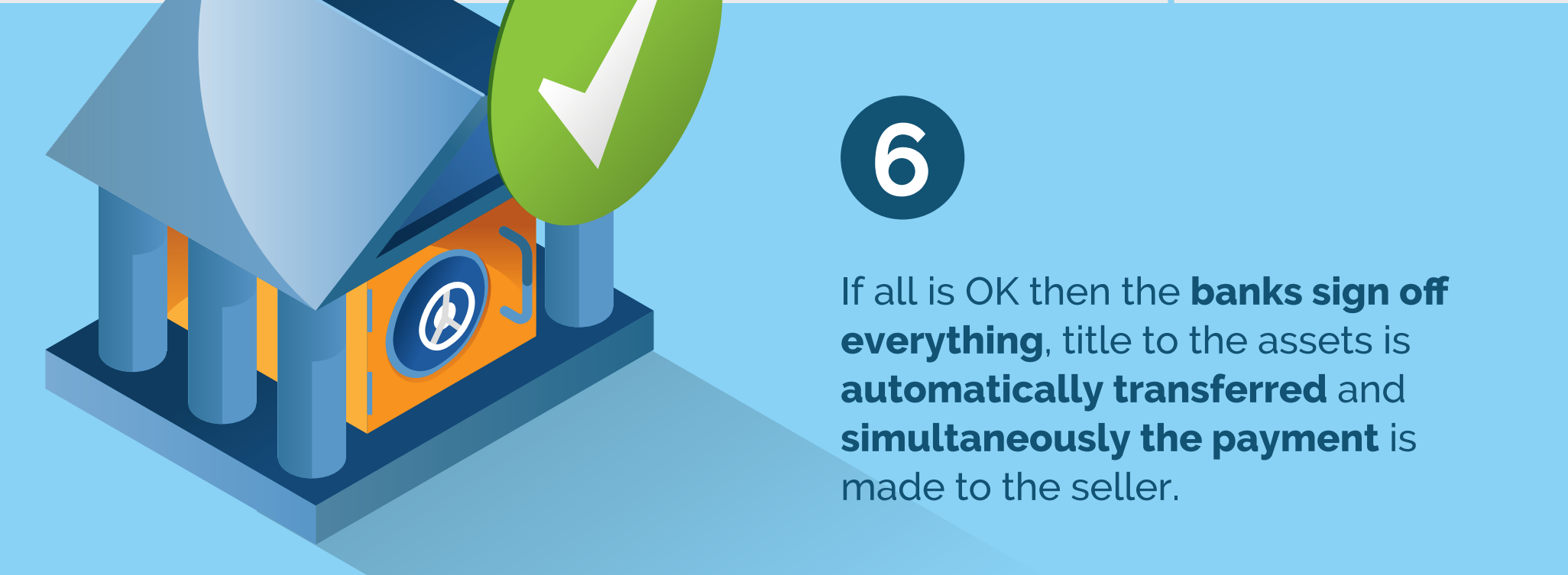
'Autochecking' matches docs with the LC conditions and **highlights any discrepancies.**

(Autochecking of documents **increases operational efficiency** at seller and banks).



6

If all is OK then the **banks sign off everything**, title to the assets is **automatically transferred** and **simultaneously the payment** is made to the seller.



Significant efficiency improvements

- 5 times faster process
- Reduces risk of fraud
- Monitors the operation's progress in real time
- Data verification
- Shortens the cash cycle

The platform's success demonstrates the potential of distributed ledger technologies (DLT) to advance commodity trading and financing.

DLTs have been evolving rapidly, bringing more efficiency and security to transactions, and significant benefits for customers and everyone along the supply chain.