



EXECUTIVE SUMMARY

CargoCoin is designed to be a smart contract & crypto currency platform, decentralising global trade and transport. The eco-system will be facilitating and optimising the interaction amongst traders, freight forwarders, ship owners, booking agents and other parties involved in the international trade and transport of commodities and cargoes. The platform users will experience a well-balanced eco-system based on cutting edge crypto security and frictionless interactions. Its objective is to provide environment and tools for flawless exchange of trade & cargo documents and payment options at low cost in real time. The platform architecture is based on the principles of high level of security, transparency, traceability and accountability.

What is CargoCoin?

The full scale scope of the project extends to all transport areas – shipping industry (containers, bulk, break bulk, liquid bulk), inland transport (trucks, railways), air cargo (transport by planes, drones, etc.), other types of transport, including, but not limited to: pipeline transport, space cargo, intercity and outer city shared rides. Dedicated platforms for the different types of transport in development will be interconnected, allowing for infinite transport functionality. The objective is the creation of synergy between the commodities & cargo traders with all transport means on a global scale. The integration of all participants and tools delivers unique, one of a kind **eco-system**.

CargoCoin is designed to utilise the platforms, both as a secure transfer and storage method by the means of smart contracts, as well as a payment unit for transport services and cargoes. The **CargoCoin** concept fully unleashes the potential of crypto currencies to act, not just as a means of payment and store of value, but also as an interactive way of sending, receiving, approving, rejecting and signing documents through the process.

CargoCoin will be based on the newest ERC223 token standard as it will be available in the very near future, which has major improvements compared to the ERC20 token standard. The ERC223 allows for more advanced, precise and universal handling of smart contracts, required for the project, while at the same time avoiding potential token traps. The issued tokens will fully act as smart contracts programmed in *Solidity* and available as open source for everyone to review and inspect the code, thus serving all purposes of the project simultaneously. The funds raised will be used for development and gradual implementation of the platform and crypto currencies worldwide, across the transport of cargo and passenger industries. The initial coin offering (ICO) will allow for a wide range of interested parties to participate and support the platform and the tokens.

Handling the problems of the transport industry

The size of the transport industry is tremendous – the global value of the seaborne trade itself is over \$12 trillion (WTO statistics). The value of freight rates is USD 380 Billion in 2017 (UNCTAD). Although the shipping industry is one of the largest economic sectors it is the least technologically advanced one. Today paper documents are issued for all shipped cargoes, no matter of the transport means. All original documents are being sent by couriers, taking time and money. All cargoes and freights are being paid for in traditional ways – via bank wire transfers or letter of credit. Those are expensive, slow and non-confidential methods. Increasingly more often USD and EUR transactions are being stopped for weeks by correspondent banks. Everyone in the business have encountered that problem. Original documents delivery delays and money transfer delays cause unaccounted extra costs, opportunity cost & depreciation of assets, while disturbing a long supply chain. The **CargoCoin** blockchain technology delivers revolution of the trade & transport by fostering optimisation. It will eliminate a number of problems, such as but not limited to:

1. **Minimising Delays** – **CargoCoin** avoids the delays by providing instant exchange, review and approval of documents and payments between the parties involved. Further delays are caused by different time zones, different public holidays, etc. The blockchain is always at work 24/7 and does not depend on human intervention, nor needs it any holidays. It is estimated that payment delays alone cost around \$19 billion per year (*UNCTAD) in losses.
2. **Increasing Trust** – **CargoCoin** relies on the public infrastructure of the Ethereum blockchain, backed by thousands of people in a peer-to-peer decentralised infrastructure. Using a proven and trusted technology speaks for itself.
3. **Reducing Fraud** – **CargoCoin** minimises the risk of fraud and in many cases completely eliminates it, by not releasing any payments until the counter parties' pre-set conditions are met provide publicly available proof of the payment has been made and / or secured in an escrow. Payments will be guaranteed by default. Fraudulent endorsement and duplication of ownership documents is ruled out.
4. **Lowering Costs** – **CargoCoin** will significantly reduce costs, compared to high percentages and other fine print fees that are charged through the whole process by banks, brokers, agents, lines, ports, customs, couriers, insurers, etc. Guaranteed payments will not incur any costs, as it is the case with L/C at the moment.
5. **Securing Information** – **CargoCoin** is naturally secured. It relies on the blockchain's proven hashing algorithm technology. There is no possibility of sensitive information leakage by intermediaries, such as banks, brokers, agents, etc. While it is fully confidential it also allows for full publicity of the transactions details that are to be visible by all parties and the public.
6. **Safe Archiving** – **CargoCoin**, not just allows but fully relies for full historic storage of all transactions ever conducted, thus avoiding risks of physical loss or destruction of paper documents, while at the same time allowing for easy searching and reviewing past information stored in the cloud.

7. **Providing Flexibility** – **CargoCoin** is flexible and allows the parties involved to easily select and choose the terms that they choose to interact with. Options for standard or custom negotiated terms, conditions and forms will boost the user experience. Elimination of language barriers will further facilitate the eco-system participants.

Why is CargoCoin needed?

The value of Seaborne trade is estimated at \$12 trillion by the World Trade Organisation (WTO) and it accounts for 90% of the worldwide transported cargoes, hence the reason why we decided to start with waterways transport as stage 1.

At stage 1 of the project **CargoCoin** will transform the global shipping industry by devising and implementing crypto “Bill of Lading” and “Letter of Credit” using distributed blockchain technology, thus providing a way for importers and exporters to exchange those documents digitally, securely and without counterfeit in an open environment.

The platform will be available for free to all parties involved and will form a global transport community, driving away traffic from the very few existing platforms on the Internet that serve similar purpose. By providing the services for free, The **CargoCoin** platform will attract all game players in the global trade & shipping industry. The process will allow them to switch to fully digital approach when searching for the right container rates and /or vessels and/or cargoes. Once the cargo traders, freight forwarders, ship brokers, ship owners etc., get accustomed to the platform, the introduction of new features that lead to blockchain smart contracts usage will penetrate the eco-system participants. Establishing the **CargoCoin** platform as an eco-system, facilitating the interaction between transport services, as an underlying asset for freight payments, transport services payments and cargo value payments ensures inevitable success of the token.

Legal disclaimer

The sole purpose of the executive summary is to present information about CargoCoin to potential buyers of CargoCoin during the Initial Coin Offering (ICO) process. The document has no binding value and does not create or impose any contractual agreements.

The purpose of the following executive summary is to provide relevant and reasonable information to the public and to potential CargoCoin holders to be able to make an informative decision whether to participate in the ICO process or not.

An updated version of the executive summary may be published at the web site of CargoCoin and it is advisable to regularly check for such updates.

CargoCoin, its founders and team members do not make any warranties or representations for the success of the project or achievement of any activities or future value expressed in this paper or otherwise stated. Any disputes will be handled by the rules of Arbitration Court Sofia and the applicable law will be that of the European Union and the rules of World Trade Organisation.