HARNESSING E-COMMERCE FOR SUSTAINABLE DEVELOPMENT
(Chapter 7 - Aid for Trade Review)

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E-COMMERCE DEFINITION: A REMINDER

• OECD definition of an e-commerce transaction:
  – “...the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders”.
  – Payment and delivery do not have to be conducted online.
  – Orders made by telephone calls, fax or manually typed e-mail excluded

• Business-to-business (B2B)
• Business-to-consumer (B2C)
• Consumer-to-consumer (C2C)
• Government-to-business (G2B)
# MAJOR E-COMMERCE MARKETS: 2015

*New UNCTAD estimates*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Economy</th>
<th>Total $ billion</th>
<th>% of GDP</th>
<th>B2B $ billion</th>
<th>% of all e-commerce</th>
<th>B2C $ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>7,055</td>
<td>39%</td>
<td>6,443</td>
<td>91%</td>
<td>612</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>2,495</td>
<td>60%</td>
<td>2,382</td>
<td>96%</td>
<td>114</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>1,991</td>
<td>18%</td>
<td>1,374</td>
<td>69%</td>
<td>617</td>
</tr>
<tr>
<td>4</td>
<td>Korea (Rep.)</td>
<td>1,161</td>
<td>84%</td>
<td>1,113</td>
<td>96%</td>
<td>48</td>
</tr>
<tr>
<td>5</td>
<td>Germany (2014)</td>
<td>1,037</td>
<td>27%</td>
<td>944</td>
<td>91%</td>
<td>93</td>
</tr>
<tr>
<td>6</td>
<td>United Kingdom</td>
<td>845</td>
<td>30%</td>
<td>645</td>
<td>76%</td>
<td>200</td>
</tr>
<tr>
<td>7</td>
<td>France (2014)</td>
<td>661</td>
<td>23%</td>
<td>588</td>
<td>89%</td>
<td>73</td>
</tr>
<tr>
<td>8</td>
<td>Canada (2014)</td>
<td>470</td>
<td>26%</td>
<td>422</td>
<td>90%</td>
<td>48</td>
</tr>
<tr>
<td>9</td>
<td>Spain</td>
<td>242</td>
<td>20%</td>
<td>217</td>
<td>90%</td>
<td>25</td>
</tr>
<tr>
<td>10</td>
<td>Australia</td>
<td>216</td>
<td>16%</td>
<td>188</td>
<td>87%</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td><strong>10 above</strong></td>
<td><strong>16,174</strong></td>
<td><strong>34%</strong></td>
<td><strong>14,317</strong></td>
<td><strong>89%</strong></td>
<td><strong>1,857</strong></td>
</tr>
<tr>
<td></td>
<td><strong>World</strong></td>
<td><strong>25,293</strong></td>
<td></td>
<td><strong>22,389</strong></td>
<td></td>
<td><strong>2,904</strong></td>
</tr>
</tbody>
</table>

Note: Figures in italics are estimates. Missing data were estimated based on average ratios. Converted to $ using annual average exchange rate.

Source: UNCTAD, adapted from US Census Bureau; Japan Ministry of Economy, Trade and Industry; China Bureau of Statistics; KOSTAT (Republic of Korea); EUROSTAT (for Germany); UK Office of National Statistics; INSEE (France); Statistics Canada; Australian Bureau of Statistics and INE (Spain).
B2C e-commerce growing fast especially in developing countries

B2C e-commerce sales, by region, 2013 and 2018 ($ billions)

Source: eMarketer, July 2014.
It takes more than Internet access…

Share of Internet users involved in buying online and social networking, selected countries, 2015

Source: UNCTAD, based on ITU data and other sources
CROSS-BORDER E-COMMERCE DATA GAPS

- How much of international trade is e-commerce?
- How much of e-commerce is cross-border?

- Good data on cross-border merchandize trade
  - But we cannot distinguish what is the result of e-commerce
- We have some data on e-commerce
  - But very limited information on what is cross-border
- We have balance of payment statistics on services trade
  - But these data do not distinguish be mode of supply
SCATTERED EVIDENCE

• EU-28 e-commerce is predominantly domestic
  – In 2015, 20% of enterprises sold online...
  – ...but only 8% sold online to other EU countries (Eurostat, 2017)
  – In Ireland, 30% sold online, only half of them to other EU country.
• Canada, 80% of value domestic, 15% to the US, 5% to ROW (Statistics Canada, 2014).
• Similar data for Spain

Distribution of Spanish web sales, 2015

- Spain 81%
- EU 15%
- ROW 4%
E-COMMERCE AND AGENDA 2030

• Empowerment of women as entrepreneurs and traders (SDG 5b).
• Support of productive activities, decent job creation, entrepreneurship, creativity and innovation, and the formalization and growth of MSMEs (SDG 8.3).
• Improved access of MSMEs to financial services (online and mobile payments) and their integration into value chains and markets (e.g. leveraging virtual marketplaces) (SDG 9.3).
• Increased exports from developing countries (SDG 17.11)
DIGITAL ECONOMY IMPLICATIONS

- More activities conducted online
- New business models
- New market places
- New products and services
- New competition
- Changing skills requirements
- Need for new or revised laws and regulations, e.g.
  - Data protection and privacy
  - Consumer protection online
  - Cybercrime
DIGITALIZATION IS TRANSFORMATIONAL

Opportunities

• Lower transaction costs
• Improved market access - domestically and internationally
• Lower delivery costs (digitally provided)
• Opportunities for entrepreneurship and innovation
• Rural development
• Greater consumer choice
• Overcome barriers to growth

Challenges

• Economic barriers
  – Infrastructure weaknesses
  – Limited purchasing power
  – Payments
  – Risk of market dominance
• Socio-economic barriers
  – Legal frameworks
  – Cultural preferences
• Cognitive barriers
  – Awareness and knowledge
  – Low levels of e-literacy
G20 E-COMMERCE DIVIDES

Source: UNCTAD and eMarketer, based on various sources.
Regional average values in UNCTAD B2C E-Commerce Index 2016

Source: UNCTAD.
E-COMMERCE READINESS BY FACTOR

ENHANCING E-COMMERCE READINESS

- Improve access to affordable ICT infrastructure
- Improve availability of relevant statistics to inform policy
- Adapt logistics and trade facilitation to e-commerce
- Improve legal and regulatory environment
- Facilitate online and mobile payment solutions
- Build skills in MSMEs and enhance their access to financing
- Rapid country assessments in LDCs - *new tool*

*While many IOs offer assistance in these areas, a more concerted and scaled up effort is urgently needed*
MAKING DEVELOPMENT ASSISTANCE FIT FOR PURPOSE

- Multi-stakeholder initiative to:
  - raise awareness of e-commerce opportunities and challenges
  - mobilize financial and human resources for address challenges and constraints;
  - enhance transparency and strengthen synergies among partners providing assistance
• Global partnership launched at the 14th quadrennial Conference of UNCTAD in Nairobi that helps developing countries unlock the potential of e-commerce:
  • 22 partners from international and regional organizations as well as national entities and development banks
  • 33 private sector partners organized around a private-sector led advisory council, the Business for eTrade Development

• 1 platform at the heart of the initiative: etradeforall.org
eTrade for all.org

Discover eTrade for all

Let’s make e-commerce inclusive and drive development

Welcome to the platform that helps developing countries unlock the potential of e-commerce

How can you benefit? Follow the dots to find out.
CONCLUDING OBSERVATIONS

- Further research and dialogue needed
- Several international forums available
  - UNCTAD Intergovernmental Group of Experts on E-commerce and Digital Economy
  - UNCTAD E-commerce Week
  - World Summit on the Information Society Forum
  - Various OECD bodies
  - WTO Global Aid for Trade Review.
- Better data and monitoring needed
- More capacity-building needed in all 7 areas of eTrade for all
Thank you!