

## **Draft CARICOM Group Intervention for the 05 July 2021 Structured Discussion under the 1998 Work Programme on Electronic Commerce**

Chair, I make this intervention on behalf of the CARICOM Group. Thank you for convening this structured discussion. It is an important step in the effort to reinvigorate the 1998 Work Programme on Electronic Commerce and we are of the view that the items on today's agenda are both topical and instrumental for advancing our work in this format. We continue to advocate for a focus on the development dimension as these structured discussions continue in the period ahead.

In previous statements to the General Council, the CARICOM Group has acknowledged the acceleration in respect of electronic commerce that has occurred globally in the context of the COVID-19 pandemic. It is evident that the challenging situation necessitated and enabled the embracing of digital solutions in developed and developing countries alike, effecting advances that would have taken much longer to achieve were it not for these extraordinary circumstances. As the global community sought to adapt to restrictions aimed at preserving lives while also seeking to maintain some measure of economic activity, teleworking, telemedicine, online education, video conferencing and online retail sales became key approaches that some Members were able to pivot towards more seamlessly than others.

We are all aware of studies confirming and quantifying an upsurge in the value of electronic commerce in the last period of time and we do not doubt that future reports to be published on e-commerce in the context of the pandemic will further confirm this reality. While we acknowledge that a notable portion of this increase, for example in online retail sales, has taken place in the developing world, there is an imperative to take a nuanced look at these figures and to acknowledge the unevenness that lies behind the numbers.

Chair, the COVID-19 pandemic has brought into sharp focus the breadth of the digital divide that exists both among and within countries, and has perhaps even widened that divide. It has provided compelling evidence regarding the disparity between Members equipped to participate effectively in electronic commerce and those Members lacking the wherewithal to do so. Chair, the significant regulatory, legal, infrastructural and resource challenges of CARICOM Member States as they relate to e-commerce are being amplified by the COVID-19 situation. The pandemic has underscored the crucial role of electronic commerce in facilitating growth, development and resilience. It has also confirmed that trade in the future will necessarily be increasingly digital. We are acutely aware of our challenges and limitations as we seek to grapple with this reality, and we take the opportunity to identify some of them today.

### **Challenges**

Limited fiscal space has meant limited scope to direct financial resources towards support for businesses and consumers keen to pivot towards electronic commerce in response to the narrowing of their options in the context of lockdowns. Understandably, preserving lives and providing social services have taken precedence in the allocation of scarce resources.

Regarding businesses in particular, our MSMEs are the backbone of our economies and they have been particularly hard-hit by the COVID-19 situation, with many of them having had to close their doors. Unlike their counterparts in developed countries, many MSMEs did not have a significant online presence prior to the pandemic. In addition, they lacked the capability and the requisite support structures to leverage crucial digital solutions to quickly “go digital”. This question of lack of wherewithal is a multifaceted one.

First, there are persistent challenges in our region related to digital infrastructure, access to the internet and mobile network coverage. While governments have been working to address this and to close the digital divide within our countries, this work was still very much in progress when the pandemic hit. Governments continue to grapple with bridging the rural digital divide and addressing inequalities related to access to electricity, broadband service, devices such as mobile phones and laptops and affordable data packages.

There are also challenges related to the nexus between financial inclusion and digital inclusion. There remains a significant number of unbanked consumers and businesses, several of whom also lack the digital skills and access to the digital tools needed to engage in cashless transactions online. On the consumer end in particular, online retail is not a viable option if the consumer does not have access to credit cards or to the online or mobile banking options necessary for effecting bank transfers online.

On a related note, despite high mobile phone penetration rates in some CARICOM Member States, there have been limited options and slow uptake in respect of the use of mobile wallets. Use of such solutions has been on the rise during the pandemic in some parts of the developing world, such as parts of Africa and Asia, but there has not been nearly as much uptake in our region to date.

In addition, the challenge of informality among MSMEs has become even more acute in the context of the pandemic. It constrains efforts by governments to help MSMEs use e-commerce to connect to consumers and with other businesses, including to source inputs.

On the question of digital payment solutions, the circumstances of the pandemic have shone the spotlight on what has been, for some time now, a significant challenge for our region, namely limited access to international payment systems. We have detected a reluctance on the part of some financial institutions regarding access to their services in our region, likely because of the “smallness” of our markets. As such, the issue of digital payments infrastructure is one on which we would welcome dialogue. Progress on this issue of digital payment solutions is important as we aim to provide options and opportunities for our businesses and consumers and to increase engagement in electronic commerce across the region.

A related challenge has been a largely informal approach to electronic commerce among businesses and consumers due to limited access to key digital solutions. For example, in the absence of access to more-robust structures such as e-commerce platforms and online payment solutions, a number of merchants use a rudimentary and piecemeal approach, typically involving one-on-one interactions on social media (namely Facebook,

WhatsApp and Instagram) and payments in cash or by bank transfer. This is an evidently inefficient approach.

Finally, the pandemic has also underscored the imperative to urgently strengthen efforts to improve our legal and regulatory frameworks in the region to address key elements such as online consumer protection, data protection and privacy, cybersecurity, paperless trading and electronic payment systems. Efforts are underway on the national level in many CARICOM Member States and the importance of progress in this regard has been underscored in the context of the pandemic. Nevertheless, there is an evident need to quicken the pace of progress.

### **Opportunities and Positive Developments**

Notwithstanding the numerous challenges, it must be acknowledged that the pandemic has also created important opportunities and facilitated a number of positive developments.

Notably, governments in the region have been impelled to act with greater urgency to address the rural digital divide, particularly given the nexus during the pandemic between access to the internet and access to education. This has included the establishment of ICT hubs in remote communities, engagement with service providers on affordable internet access for all and opportunities for digital skills training.

With teleworking, telemedicine, videoconferencing and online education necessarily on the rise during the pandemic, there have been quantum leaps in respect of digital inclusion, acquisition of digital skills among consumers and businesses alike and the erosion, in some measure, of distrust of digital tools and solutions. This progress augurs well for the future of e-commerce in CARICOM Member States and it would be important to ensure that these gains are not reversed in the post-pandemic era.

Some governments have sought to strengthen momentum in this regard, including by placing the spotlight on open government data initiatives and by encouraging citizens to access government services offered online. In some jurisdictions, online platforms for government services have been introduced in recent months for the booking of appointments, interaction with customer services representatives, accessing of documentation and even processing of payments. At least one CARICOM Member State is now developing a portal to serve as a one-stop clearing house for all government services.

In addition, and despite constraints, governments have sought to provide information online and to host virtual workshops for businesses, with a view to building their digital capability. In some instances, governments have been able to go beyond this to the creation of portals that provide businesses with online storefronts, payment solutions and delivery options. At least one government in our region has been in a position to support current and potential exporters by offering financing for first-time website development and for upgrades to existing websites. These efforts by governments have been complemented in some CARICOM Member States by business-to-business sharing of knowhow regarding e-commerce strategies and possibilities. The information-sharing by both governments and the business community have addressed website creation, online

payment options including fintech options and collaboration with courier services for delivery of goods to customers.

Moreover, the COVID-19 situation has created a unique opportunity for our region to address the informal economy and informal e-commerce with greater urgency. This should include efforts to streamline and simplify opaque and complex business registration processes, to provide relevant guidance, including on e-commerce options and strategies, and to support financial and digital inclusion for businesses and consumers alike.

In addition, the pandemic has afforded a few emerging local payment gateways the opportunity to strengthen their offerings and to capitalise on increased demand.

Furthermore, some governments in the region have accelerated efforts to address fragmentation, risk and inadequacy in respect of national payment systems through concrete and accelerated action to modernise and strengthen legislative and regulatory frameworks in this regard. Broadly speaking, the pandemic has provided incentive and impetus for accelerating the formulation and implementation of e-commerce strategies, policies, regulations and legislation, on both a national and regional level.

Finally, Chair, it would be recalled that disruptions in the earlier stages of the pandemic highlighted the particular importance of shorter, regional value chains. In this connection, there is evident value that could be derived from work on regional e-commerce platforms to boost intra-regional trade. Efforts in this area could also explore possibilities for regional digital payment infrastructure and facilitating crossborder payments.

In closing Chair, allow me to identify two specific areas in which there would be keen interest in receiving support - namely in respect of the development of e-commerce platforms for both governments and the private sector, as well as for quantifying the informal economy and measuring e-commerce and the digital economy.

Chair, I thank you.