

# **Workshop on E-Commerce Council for Trade in Services**

17-18 june 2013

## **E-commerce Challenges and opportunities in Egypt**

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# Importance of e-Commerce

E-commerce has become a central element in the economic growth and the expansion of world trade.

“ based on OECD”



# Major Action lines for boosting e-Commerce

- **Enhancing the information infrastructure.** This involves improving access to telecommunications and Internet services at the price, reliability, and speed levels needed for e-commerce.
- **Building trust for users and consumers of electronic commerce.** addressing principles for online business and information disclosure, handling consumer complaints, provision of effective dispute resolution, education and awareness, and global co-operation.
- **Establishing ground rules for the digital market place.** The major issue arising under this theme is e-commerce taxation.
- **Managing the benefits of electronic commerce.** Its full potential will only be realized through its widespread use by businesses, consumers, and institutions.

# Internet in Egypt

- ▶ Internet plays a fundamental role in Egypt. Over the past years the number of internet users grew **to reach about 44% of the population.**
- ▶ This enthusiastic embrace of the Internet by the Egyptian people has been sustained by ongoing government investment—focused on three equally important areas:
  - subsidizing Internet-related technology and Internet access.
  - Provide Internet training for the general population and for businesses in order to build skills and increase proficiency.
  - Introduce Arabic-language Internet content in order to broaden the reach of the Internet.
- ▶ The demographics of Internet usage in Egypt show that more than 45% of the individuals which are between (16 – 25 years), 36% of them spend more than eight hours per day online.
- ▶ Young users are described as flexible and use a variety of channels to access the Internet, with mobile Internet becoming increasingly popular.

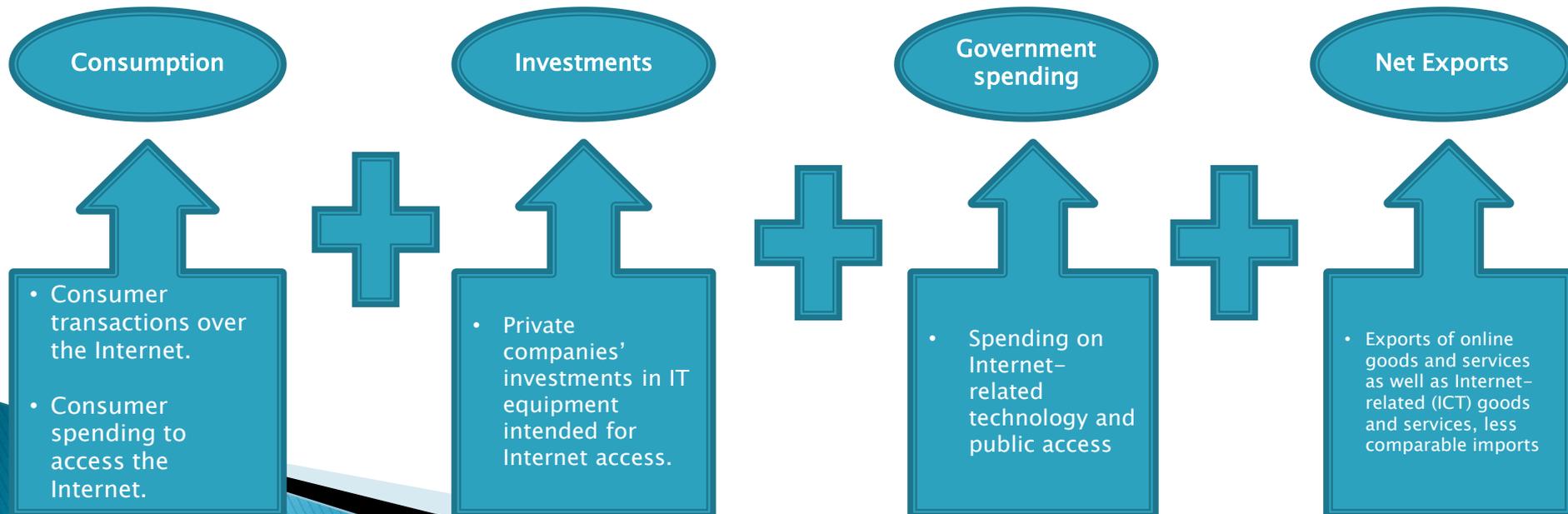
# Internet in Egypt

- ▶ Overall, Egypt's Internet users favor "traditional" online activities including e-mailing, searching for information, VoIP, and downloading items of interest.
- ▶ Social networking is emerging as a widely popular activity. The number of Facebook users in Egypt **almost tripled** from pre-revolution levels (roughly 4 million accounts at year-end 2010) to April 2013 (more than 14 million accounts), with the vast majority (75%) under age 30.
- ▶ Mobile devices are increasingly becoming the dominant access mode to the Internet in Egypt. Two factors have contributed to this evolution:
  - The quick advance of technology like smart phones which are now used by about 26% of those over age 16 in Egypt.
  - Mobile Internet coverage has expanded rapidly. In 2012, 90 percent of the country's population was covered by 3G service.

# The Economic Impact of internet in Egypt

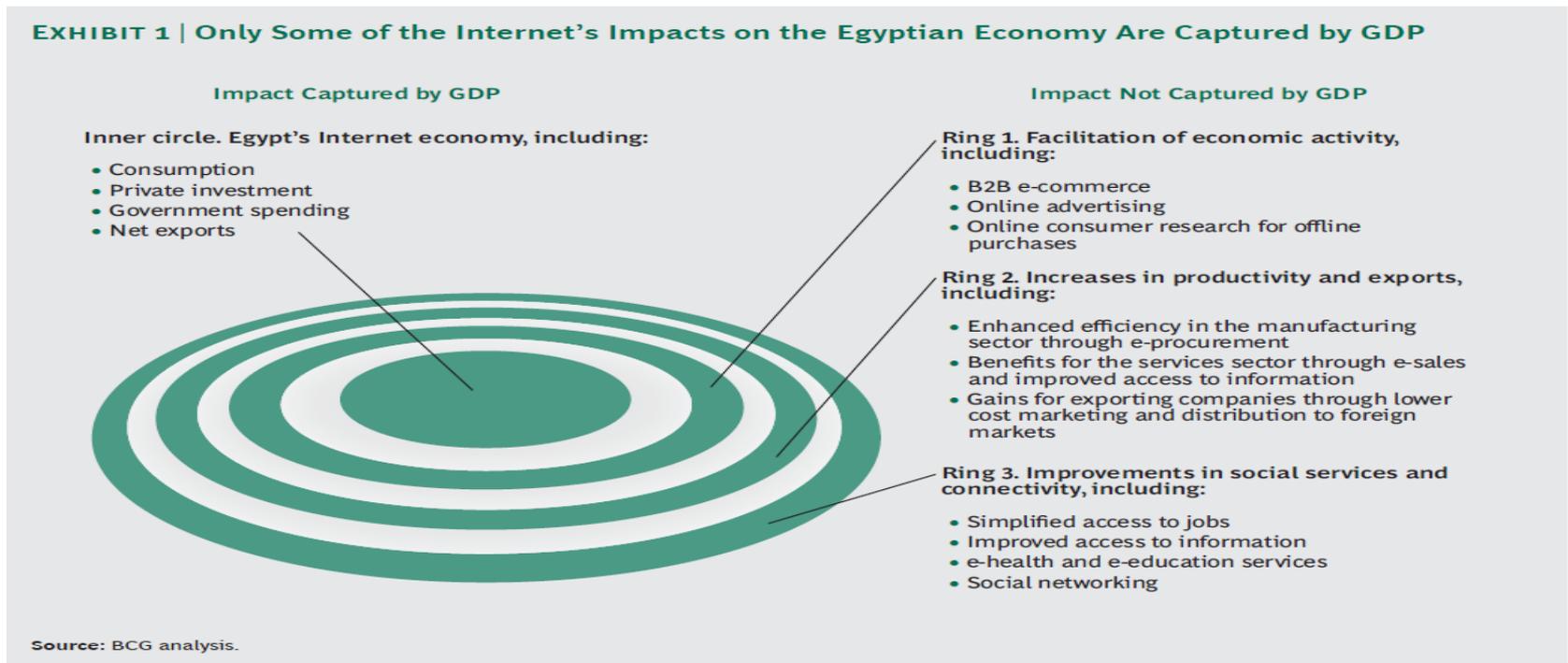
- ▶ Internet usage in Egypt is having a significant impact on Egypt's commerce and society. But measuring that impact is difficult.
- ▶ A recent study conducted where a methodology was introduced to quantify the Internet's economic effect through measuring its contributions to Egypt's GDP.

## E- GDP



# The Economic Impact of Internet in Egypt

- ▶ The methodology states that the Internet's impact on the Egyptian economy and society is not fully captured by *e-GDP numbers*. Thus – the following 3 rings (on the right were added):



# The Economic Impact of Internet in Egypt

- ▶ Egypt's Internet economy represents **E£15.6 billion** or **1.1%** of the country's 2011 GDP.

The Internet's share is comparable to that of several other sectors—for example:

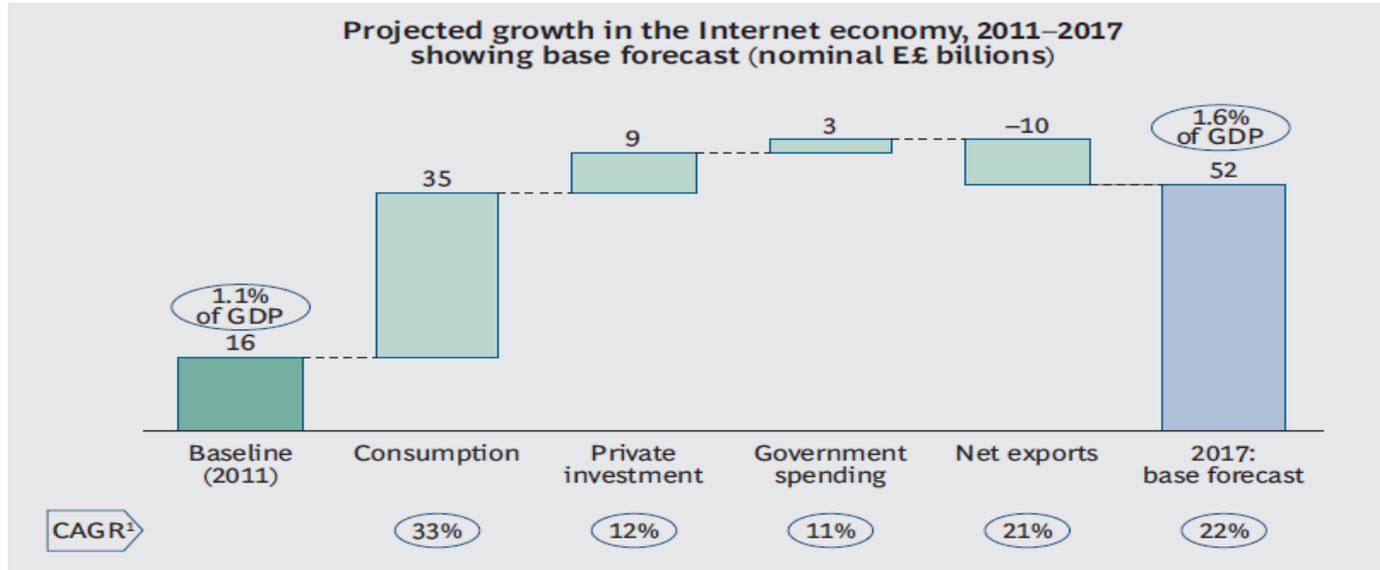
- ❑ Health services (1.3%)
- ❑ Education (1.1%)
- ❑ Oil refining (1.1%) mm

However, it is smaller than sectors such as:

- ❑ Restaurants and hotels (3.2%)
- ❑ Wholesale and retail trade (11.5%)
- ❑ Commodities (14.9%)

- ▶ *Investment by private companies* (such as telecom operators) and *spending by Egypt's government* amounted to **E£12.3 billion**, or **79%** of the total e-GDP figure.
- ▶ *Spending by consumers on access to the Internet and on transactions over the Internet*, totaled **E£7.7 billion**.
- ▶ The balance of Internet trade—composed of e-commerce imports, combined with imports and exports of ICT goods and services related to the Internet—was negative at -E£4.5 billion. This negative balance was driven mainly by Egypt's imports of ICT goods that can be used to access the Internet, such as computers or mobile phones.

# Projected Growth of Internet Economy



## Growth Drivers

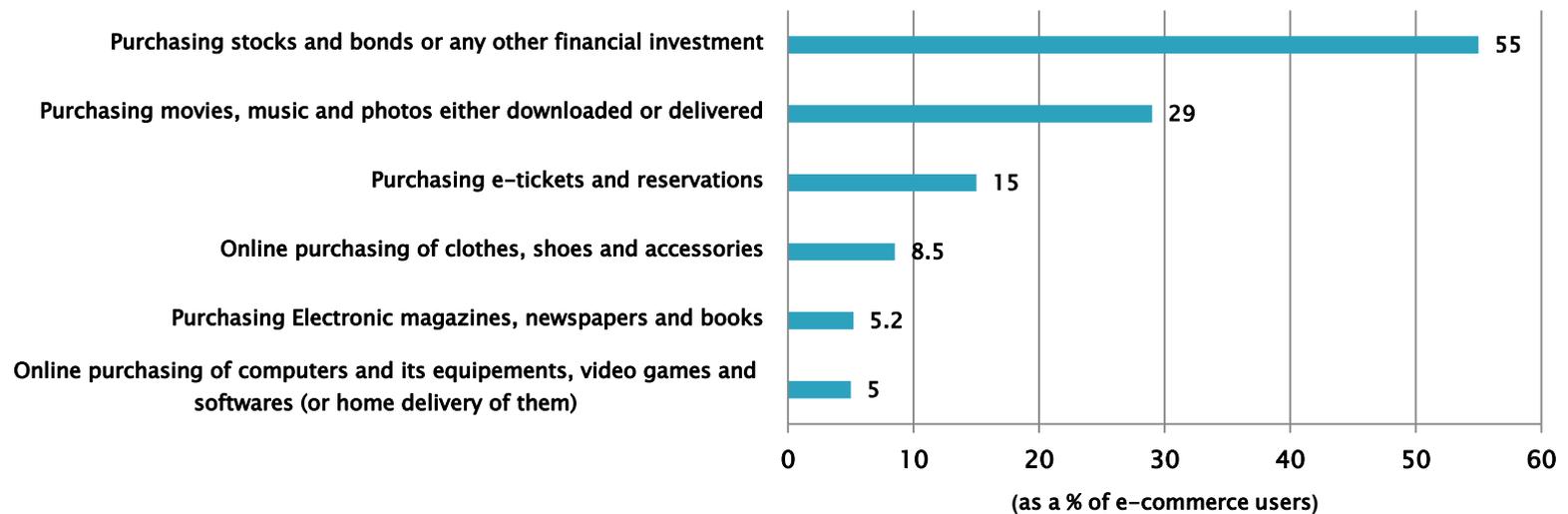


# Egyptian Households usage of E-commerce in 2012

## ▶ Percentage of Households that deals with e-commerce:

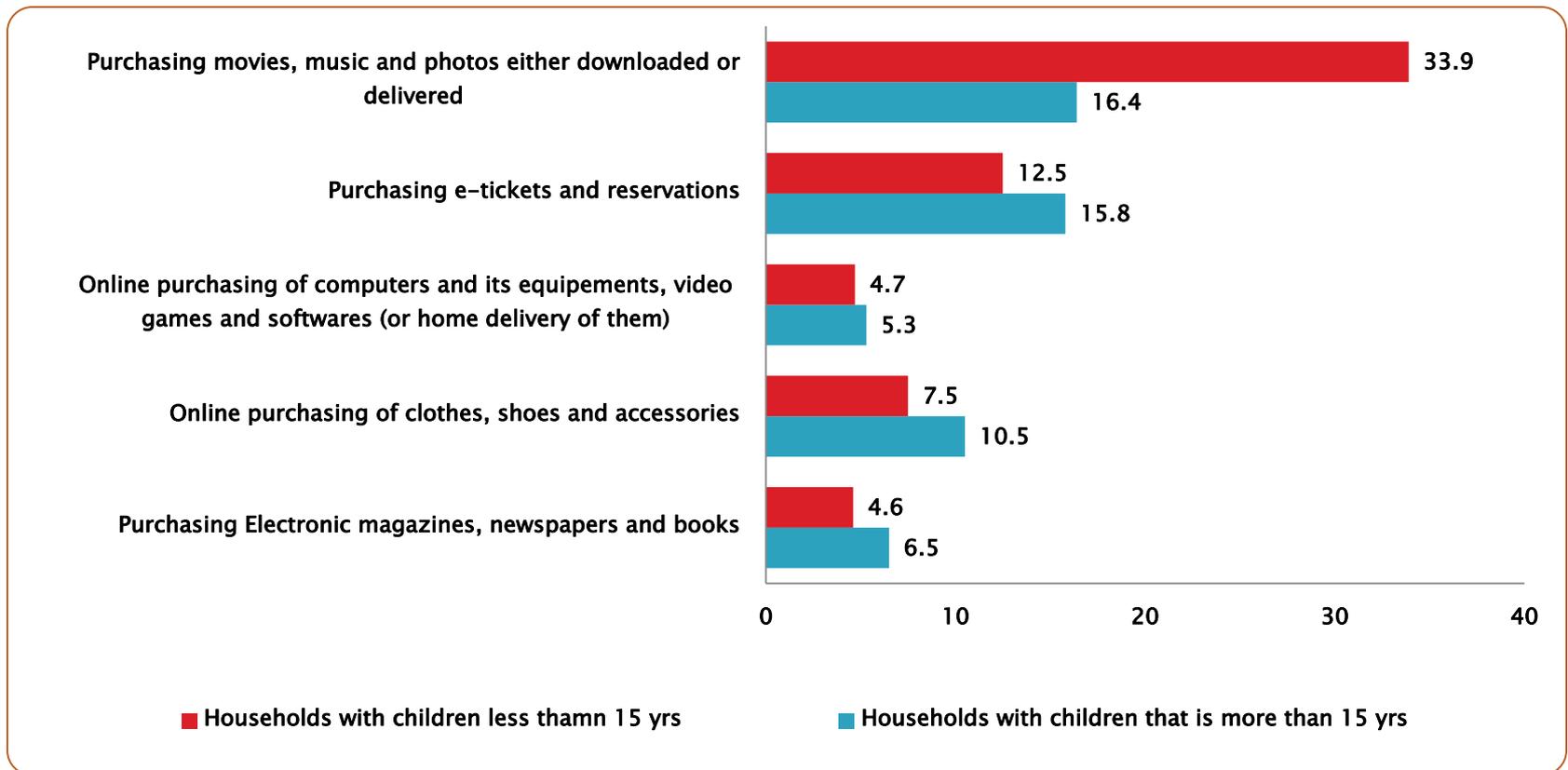
- The percentage of households that deals with e-commerce reached about **2%** of total households using the internet.
- **99%** of the e-commerce users purchases online.

## ▶ Fields of dealing with e-commerce:

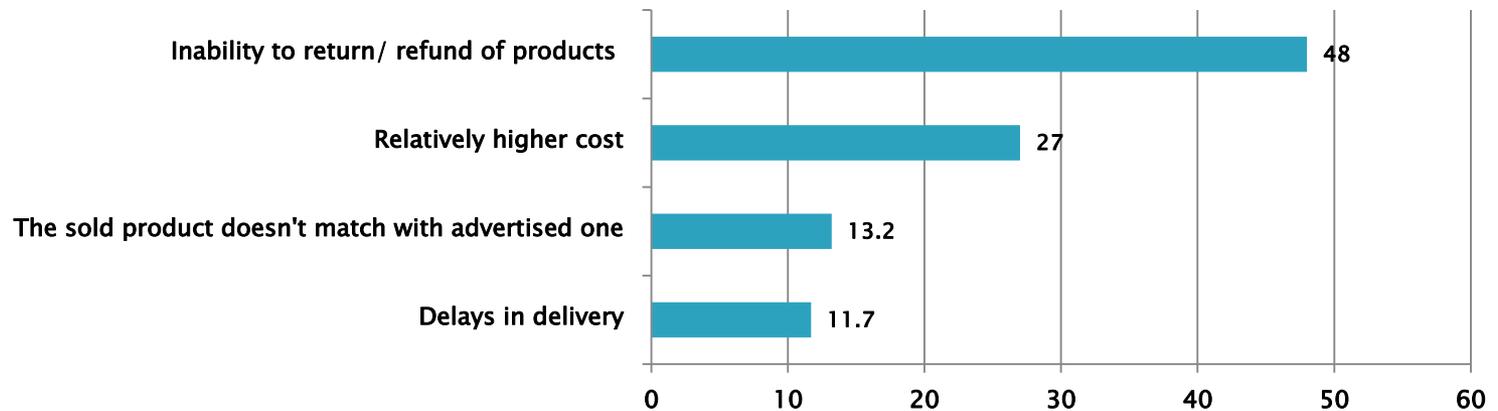


# Egyptian Households usage of E-commerce in 2012

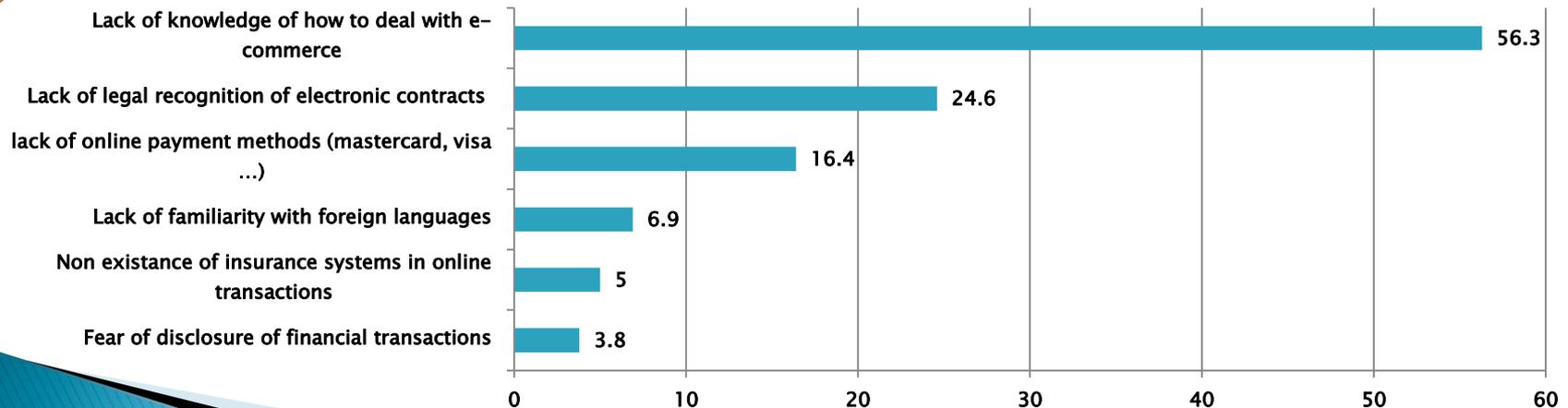
- ▶ Fields of dealing with e-commerce according to households with children less or more than 15 years old



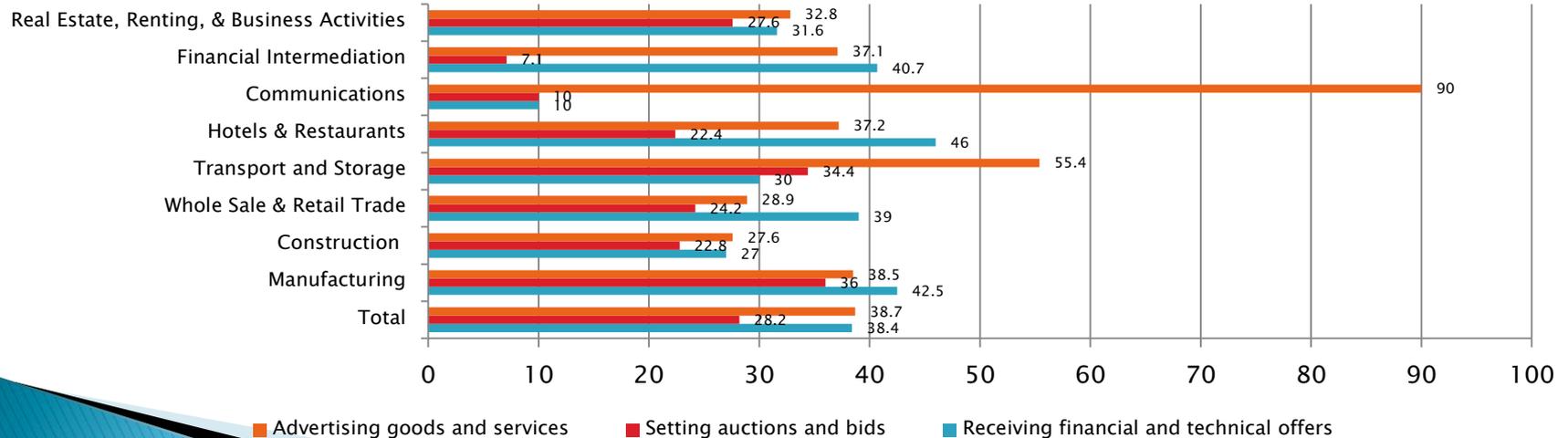
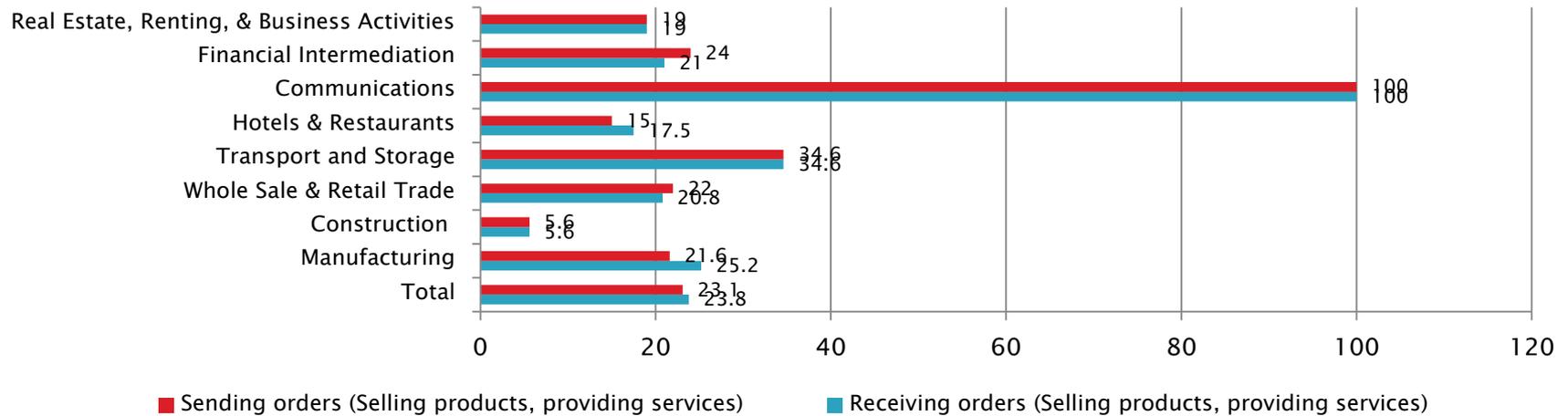
# Problems facing households users of e-commerce



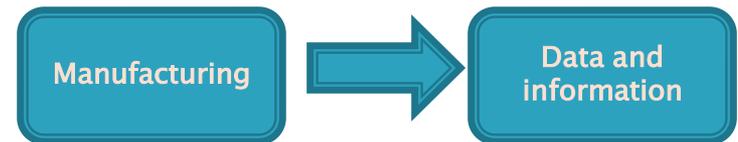
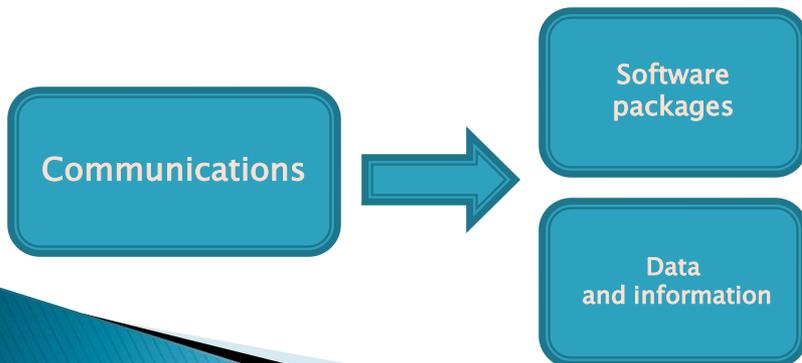
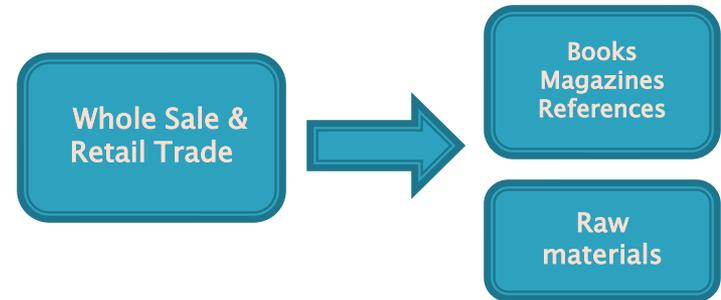
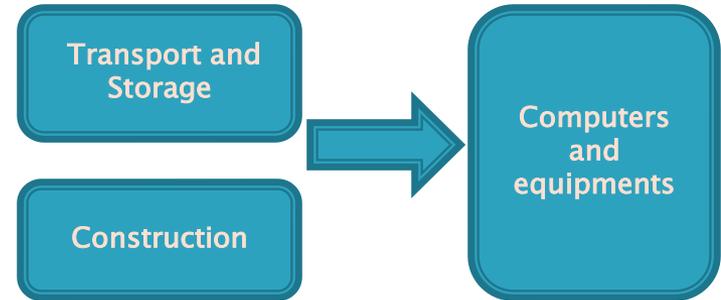
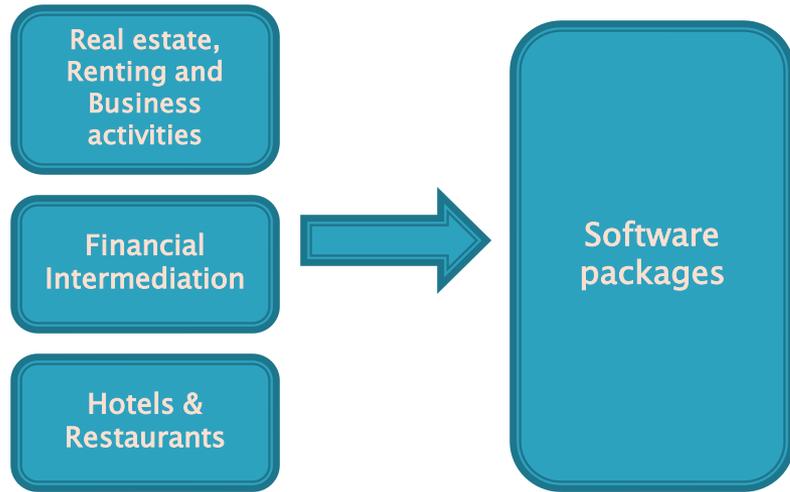
# Reasons for not using e-commerce



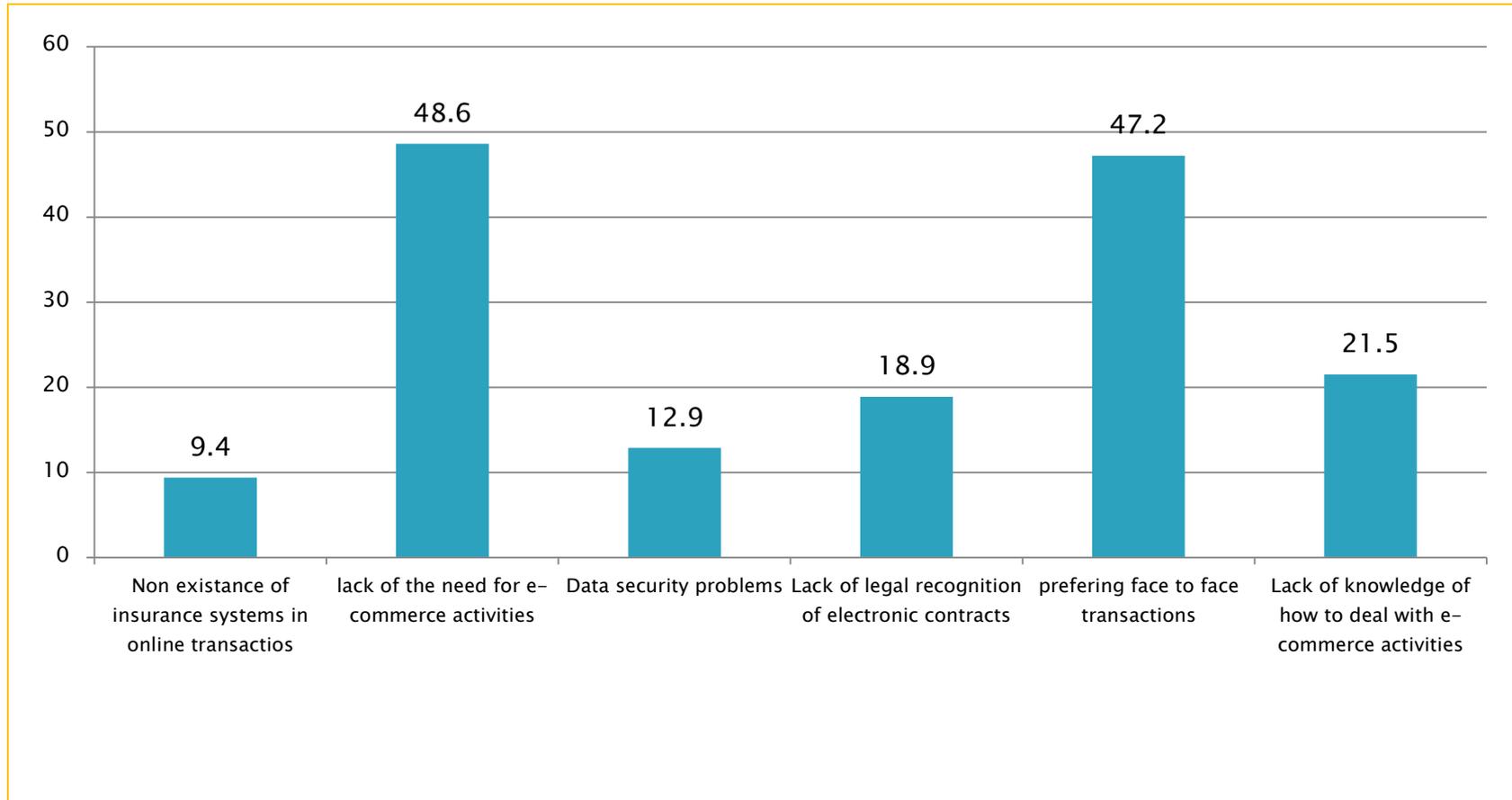
# Usage of e-commerce in businesses



# Main products used via e-commerce



# Reasons for not using e-commerce by businesses



# Egypt's E-Commerce Policies & Regulatory Perspectives



# E- inclusion

- Expanding Internet and PC Literacy programs.
- Expanding the reach of the Internet across Egypt through high-quality network infrastructure (fixed or mobile BB)
- Increasing the availability of Online Arabic-Language Content
- Mobile payment
- E-signature Law
- E-signature centre of Excellency
- Mega projects ( 1 million smart ID cards), (6million salary cards for gov employees
- E-commerce committee

# Business Engagement

- Raising SMEs awareness.
- Capacity Building Programs
- Providing support to businesses engaged in online exports through subsidization or “special tax” conditions.
- Adopting a sector-specific approaches leveraging PPPs.
- Enabling businesses to register their websites online and removing the requirement that a business secure a trademark before launching its website.