

## **Council for Trade in Services: Workshop on E-commerce**

Monday, 17 June 2013 —

15h00 - Opening by the Chairperson of the Workshop H.E. Mr Joakim Reiter, Ambassador of Sweden to the WTO Introductory remarks Dr Harsha V. Singh, Deputy Director General, WTO

Highlights of the Workshop organised by the CTD on E-commerce, Development and Small and Medium Sized Enterprises (8-9 April 2013) - Statement H.E. Dr Marion Williams, Chairperson of the CTD and Ambassador of Barbados to the WTO

### **Statement by Dr Marion Williams**

Thank you Deputy Director-General Singh,

It is a pleasure for me to be here this afternoon for the Services Workshop on E-Commerce. This is already the second workshop on E-Commerce organized this year by the WTO Secretariat. The first was in April when the Workshop on E-Commerce, Development and Small and Medium-Sized Enterprises was organized under the auspices of the Committee on Trade and Development. That Workshop was quite a success in highlighting some of the key challenges facing developing countries in their quest to make more use of e-commerce. The Workshop showed that developed and developing countries share many of the same hurdles in e-commerce. Here I am thinking about such issues as electronic signatures and authentication, electronic contracting, consumer protection, privacy and data protection, computer crime, taxation and custom duties and intellectual property rights, especially in the area of trade in digital content. These e-commerce issues are now universal and apply to all countries, rich and poor, small or large.

### **A) International Organizations Session**

Let me briefly report on some of the main highlights of the two-day workshop organized by the CTD. There were four sessions with the first featuring representatives from international organizations such as the ITU, UNCTAD, the ITC and WIPO. The session focused on international developments and trends affecting e-commerce. The need for adequate infrastructure was seen as a key enabler for SMEs engaging in E-Commerce with broadband networks viewed as highly important. Wireless infrastructure was also discussed, especially in regard to Africa where substantial gains have been realized in the last decade. The plight of Least-Connected Countries or LCCs came to the fore. These countries are losing ground rapidly and may need to be assisted quickly if they are to benefit at all from e-commerce in the medium term. The LCCs are in stark contrast with other countries on the African continent which are now connecting to broadband cables laid on the east and west coasts of Africa. Such access has permitted numerous SMEs to recently link to the internet.

Increasing the use of broadband as well as wireless networks require governments to allocate and regulate frequency spectrum to cope with the increased demand. Operators too need to upgrade their networks and more must be done generally to adopt national or regional policies that further stimulate competition and private investment, especially in rural and remote areas. The use of private-public partnerships was underlined as well as using creative solutions to achieving the goal of universal access to telecommunication infrastructure.

A key hurdle in many developing countries remains the establishment of electronic payment systems and distribution networks to actually monitor and track and finally deliver the products purchased on line. The mobile payment system M-Pesa in Kenya was seen as a prime example of how even the poorest segments of the population without any bank accounts could receive and spend mobile money. The rise of social media and group buying as a new channel for business was also raised. SMEs could piggyback on these networks for their business and could easily make use of them through new smart phones and tablets. New platforms were discussed as was using new tools to create websites to engage in E-commerce. Many of these tools are free or at least very cost competitive.

## **B) Academic, Civil Society Session:**

The second session involved representatives from academia and civil society. A number of opportunities were identified for SMEs to benefit more from free E-commerce services which allow SMEs to easily establish an online presence. But it was also emphasized that establishing a website, as comprehensive as it may be, may not be enough for an SME to be successful in E-commerce. SMEs have to generate awareness for their products and services with potential clients. A user-friendly environment needs to be created online and trust needs to be built. Furthermore, the sometimes complex operations and logistics side of the selling and delivery process have to be managed.

Discussants agreed that many developing countries continue to suffer from inadequate policy and legal frameworks, excessive bureaucracy and insufficient government support for SMEs. Furthermore, electronic payment systems had not been developed everywhere and service support industries – for example the logistics and transportation industries – were often lacking.

It was thought that trade promotion organizations could help guide exporters to build individual Business-to-Business (B2B) stores as a way to help them promote their exports. Other challenges for governments focused on how to encourage innovation in E-Commerce and how to make better use of mobile technology. Discussion focused on the need for tax and customs regimes to be simplified and for governments to place more emphasis on promoting new business models and innovative business strategies. Awareness-raising exercises are needed to help SMEs use E-Commerce.

### **C) Private Sector Session**

The third session focused on the private sector and successful E-commerce ventures in developing countries. One such venture was in Bangladesh and was called "My country my village". This project tries to bring E-commerce to the rural sector by creating e-centres in villages. Managed by local youth, the project allows rural citizens throughout Bangladesh to sell local products such as fresh produce or textiles on the Internet. This model helps to reduce rural to urban migration and can be easily replicated all over the world. It was noted that this project was better for farmers because it allowed them to enter into direct contact with the consumers.

Another project was M-Kazi, a mobile recruiting platform for blue-collar workers in Kenya. Projects like M-Kazi were now possible in Kenya thanks to M-Pesa which facilitates the online payment for goods and services. While Kenya has proved a superb breeding ground for mobile E-commerce solutions, specific challenges remain. These include: preserving data integrity and avoiding fraud; overcoming the limited competition among mobile operators which result in high rate charges for users, and tackling the deficient infrastructure, particularly the electricity grids.

Also discussed were the many gaps for E-commerce and SME development in Africa which may well be offset with the development of mobile solutions for the agriculture, fisheries, water sanitation and food distribution sectors.

In the agriculture and fisheries sector, for example, applications such as M-AGRI services can help increase revenues for farmers. In the area of water sanitation, mobile solutions provided by m-WatSan allow providers to manage their water sanitation systems from their mobile phones, including payments. This helps to facilitate the development of water sanitation systems and helps increase access to financing since banks can now track water distribution systems and see that they are well managed and economically sustainable.

In the food distribution sector a service called m-Shop was launched to address the problem of price-increases of basic foodstuffs. By connecting local shops directly with producers, this service allows low income urban families to get the lowest prices for their basic foodstuffs.

A main point to come out of this private sector discussion was the need for governments to promote and create awareness about the digital society. Improving infrastructure was another area where governments could help the private sector. This included improving electricity generation and distribution, solving the problem of physical street addresses which would greatly help with the delivery of goods and services, improving the internet and access by liberalizing the telecoms markets, providing effective IP protection, assisting with access to financing and providing incentives to invest in innovation.

The presenters noted that the main problem with many governments in developing countries was the lack of information on how E-commerce actually works. This led to policies being defined without the use of actual data. In conclusion the session provided a very interesting overview of how the private sector was using E-commerce to help foster development in low income

economies. It also showed what more was needed from the public sector to provide a good business environment for SMEs and entrepreneurs in the E-commerce sector.

#### **D) Public Sector Session:**

The final and fourth session concerned the public sector session. Reference was made to the opportunities that E-commerce provides to SMEs in developing countries, as well as the contribution that E-commerce can make to enhance development and alleviate poverty. There was general agreement that SMEs can make valuable contributions to the economies of developing countries. However, there was still a lot of ground that needed to be covered before the potential of E-commerce in developing countries could be reached.

Some of the main challenges facing developing country SMEs in using E-commerce include: a lack of awareness and understanding of the value of E-commerce; a need for higher levels of ICT knowledge and skills; the cost of adopting new technology is usually proportionately heavier for SMEs than for larger firms, and security issues, including ensuring the security of payments and the privacy of online transactions. It was also pointed out that network infrastructure is poorly developed in some countries and regions, which poses barriers to entry into E-commerce for SMEs. Moreover, SMEs in Cuba, for example, face discriminatory and unilateral measures of an extra-territorial nature. Meanwhile, the importance of government intervention in creating economic growth and in fostering the diffusion of technological innovations – especially across SMEs in developing and least-developed countries – was highlighted.

On the issue of regulation, it was suggested that one of the ways to support SMEs in developing countries was to encourage transparent regulation. This could help attract investment and increase market confidence, and also enhance government credibility. The various roles of the ICT regulator were discussed, as were the objectives of regulation, including ensuring a universal access to basic services, the creation of an open, competitive market, developing a transparent regulatory and licensing process and protecting consumer rights. Some perspectives on the postal network were shared. The sheer size of the postal network was described and, in this regard, the potential of the network in supporting the inclusion of SMEs in E-commerce was emphasized. Many SMEs had yet to explore the use of postal systems as distributors of goods and services.

This session as well as the workshop as a whole recognized that the particular characteristics of each country had to be taken into account when assessing the kinds of initiatives or actions needed to improve access to E-commerce. At the same time, the need for countries and international organizations to exchange ideas, and generally to cooperate on various ICT-related issues, was emphasized.

This concludes my report on the Workshop on E-commerce, Development and SMEs held on 8 and 9 April 2013. Thank you.