



E-Commerce: Global trends and developments

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Please have a look at the eTrade for All Online Survey:

**[HTTPS://WWW.SURVEYMONKEY.COM/R/
ETRADEFORALL_ITD_ESCAP](https://www.surveymonkey.com/r/etradeforall_itd_escap)**



WHAT IS E-COMMERCE?

- 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)**
 - Online sales between enterprises, including linked to outsourcing and offshoring.
 - Online presence needed for SMEs to participate in value chains.
- **Business-to-consumer (B2C)**
 - Involves sales by "pure play" e-commerce enterprises and traditional bricks-and-mortar firms adding online sales channels.
 - Many ways to reach consumers: social networks, crowdsourcing, e-commerce websites, mobile applications.
- **Consumer-to-consumer (C2C):** e.g. eBay and Taobao
- **Government-to-business (G2B):** e.g. e-procurement



E-commerce and E-trade

- 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.
- WTO definition of e-commerce for its work programme
 - “the production, distribution, marketing, sale or delivery of goods and services by electronic means”.
- Moratorium:
 - “not imposing customs duties on electronic transmissions”



E-Commerce, Trade and Development

- Only at the beginning of the digital era
- Goods and services increasingly traded online
- E-commerce is crucial for SMEs (B2B and B2C) to
 - access new markets (domestic and exports)
 - participate in value chains
- Expanding opportunities as a result of:
 - Improved ICT connectivity
 - New e-commerce platforms and solutions
 - Rise of new e-commerce companies in developing countries
- Transformational → both opportunities and challenges



E-commerce and WTO

- E-Commerce work programme since 1998 - several WTO agreements concerned
 - Councils for Trade in Goods, Services and IPRs
 - Committee on Trade and Development
- Bali Ministerial Decision (2013) :
 - Renewal of moratorium
 - Trade Facilitation Agreement
- Better data on cross-border e-commerce are needed
 - Work started between WTO, UPU and UNCTAD
- Need for understanding of implications of e-commerce



MAJOR E-COMMERCE MARKETS: 2015

New UNCTAD estimates

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

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

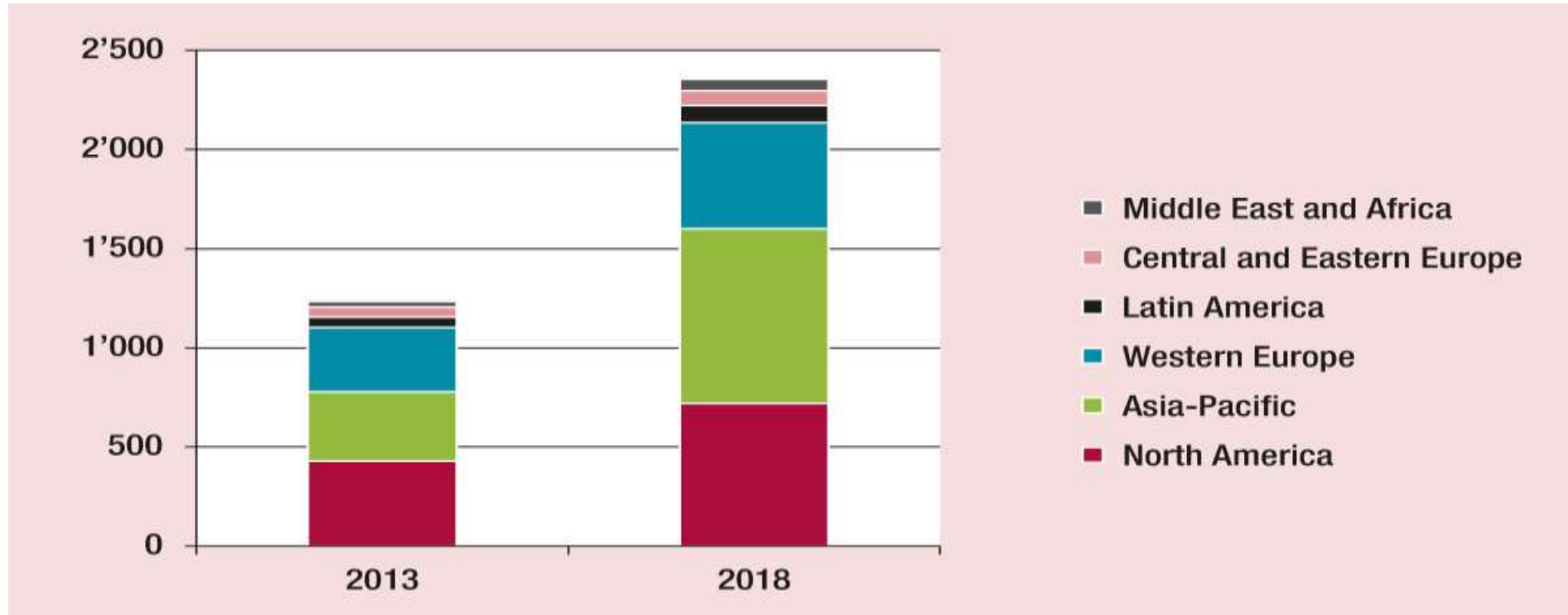
Source: UNCTAD, adapted from US Census Bureau; Japan Ministry of Economy, Trade and Industry; China Bureau of Statistics; KOSTAT (Republic of Korea); EUROSTAT (for Germany); UK Office of National Statistics; INSEE (France); Statistics Canada; Australian Bureau of Statistics and INE (Spain).



B2C E-COMMERCE GROWING FAST

especially in developing countries

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

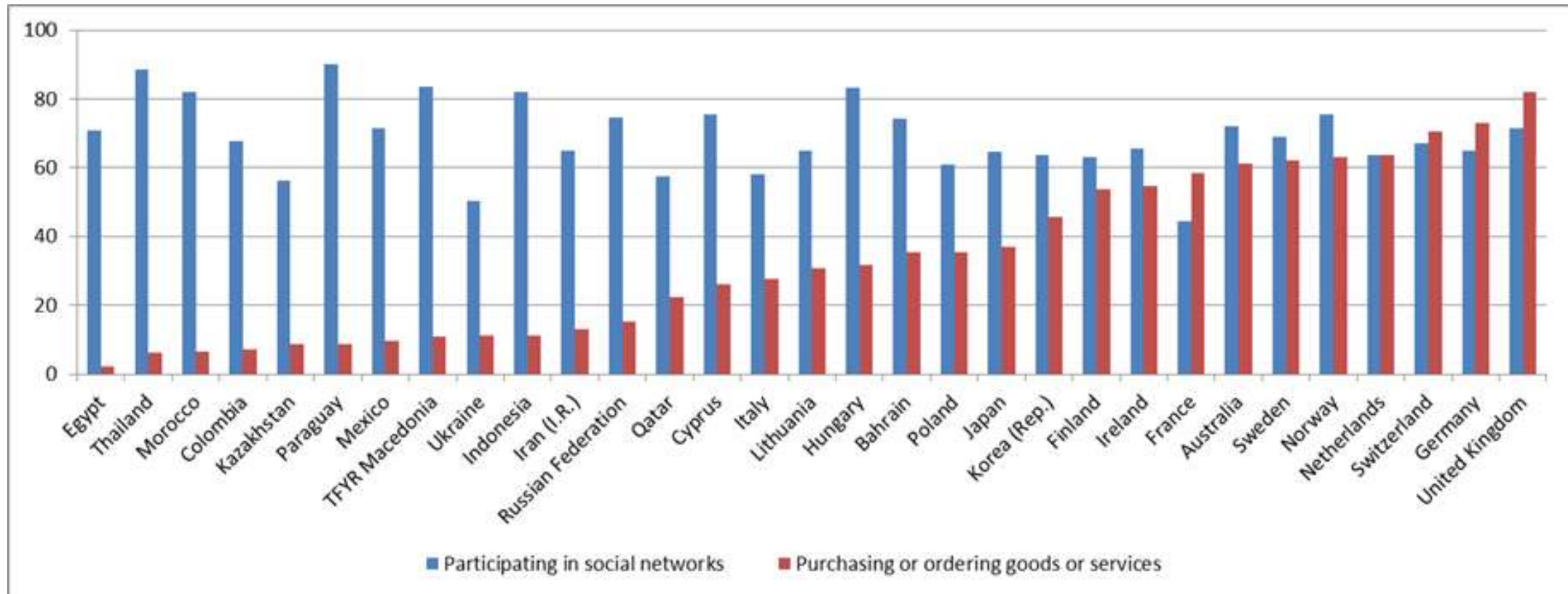


Source: eMarketer, July 2014.



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



DOMESTIC vs CROSS-BORDER E-COMMERCE

- Domestic transactions dominate in developed countries
 - Canada: 80% domestic; 15% to US; 5% to rest of the world
 - Japan: 82% domestic
 - Republic of Korea: 75% domestic
- Different picture in some developing countries
 - In India and Singapore: >50% are cross-border
 - In Colombia, Paraguay and Venezuela, cross-border trade accounts for the bulk of e-commerce
- For many, no data is available...



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

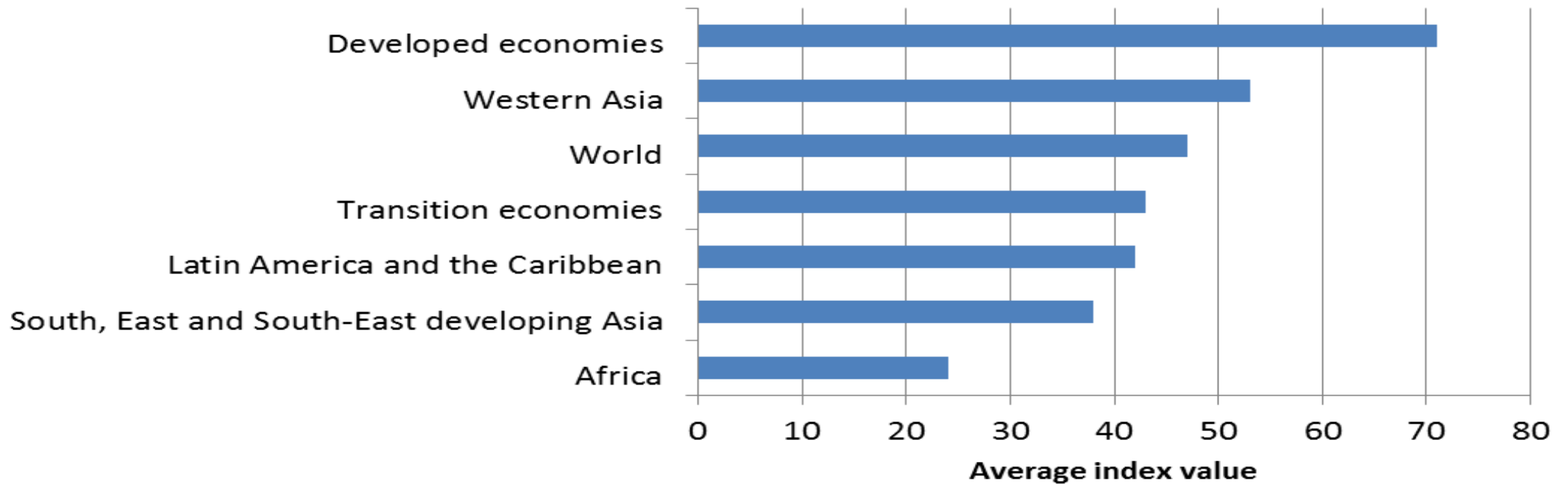
Challenges

- 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



READINESS BY REGION

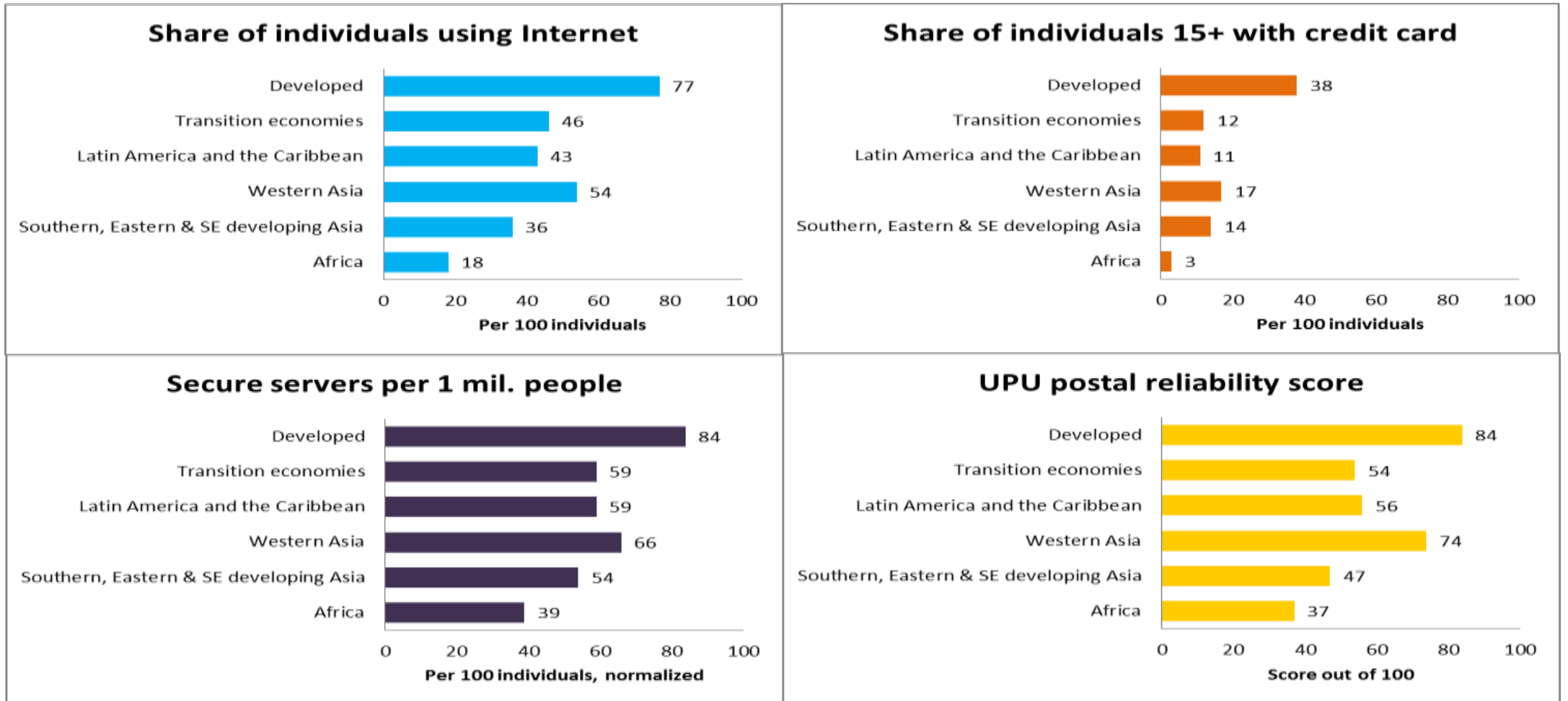
Regional average values in UNCTAD B2C E-Commerce Index 2016



Source: UNCTAD.



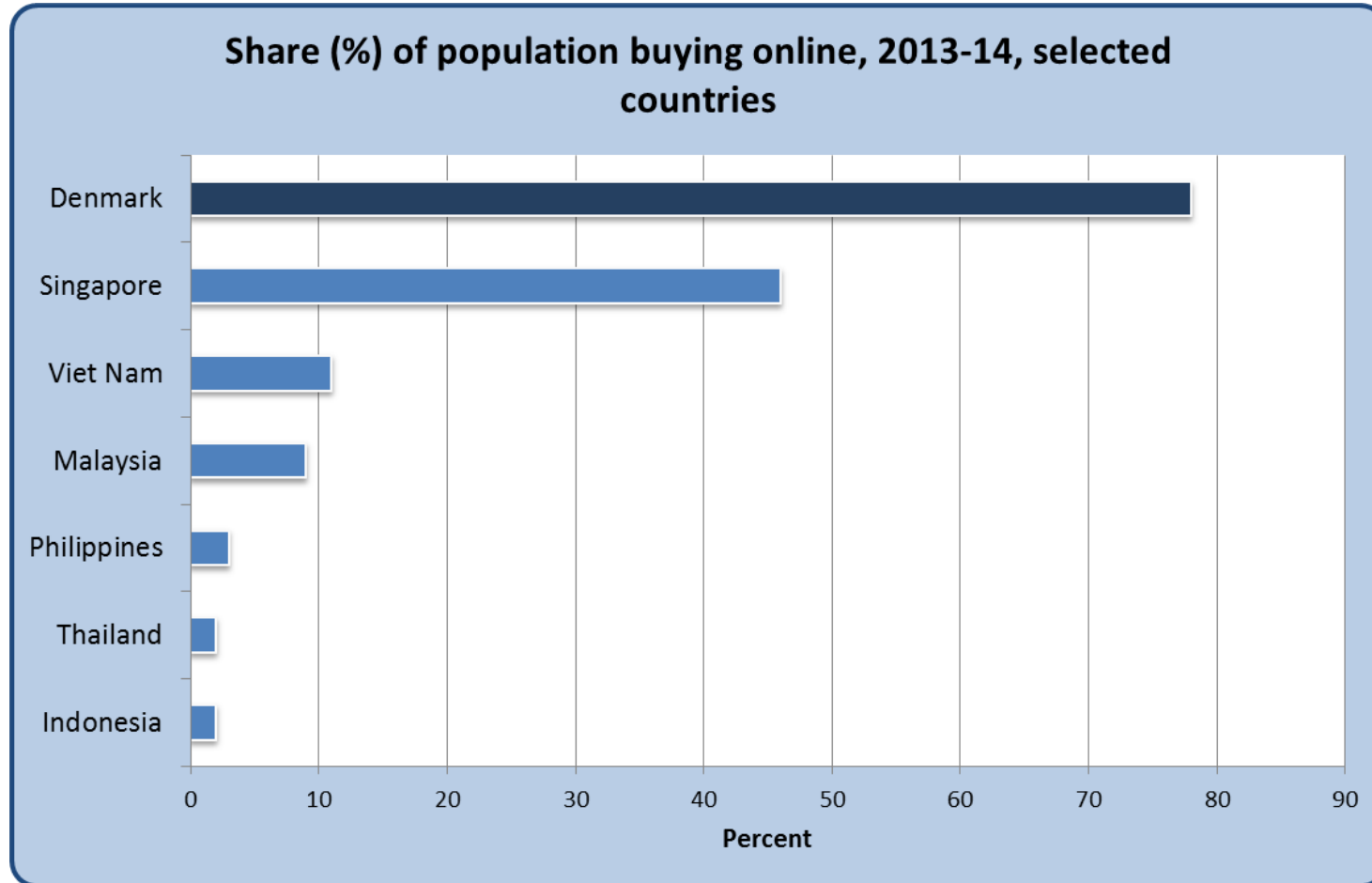
E-COMMERCE READINESS BY FACTOR



Source: Based on UNCTAD (2016b), UNCTAD B2C E-commerce Index 2016 ITU, World Bank and UPU data.



...and e-commerce divide is huge

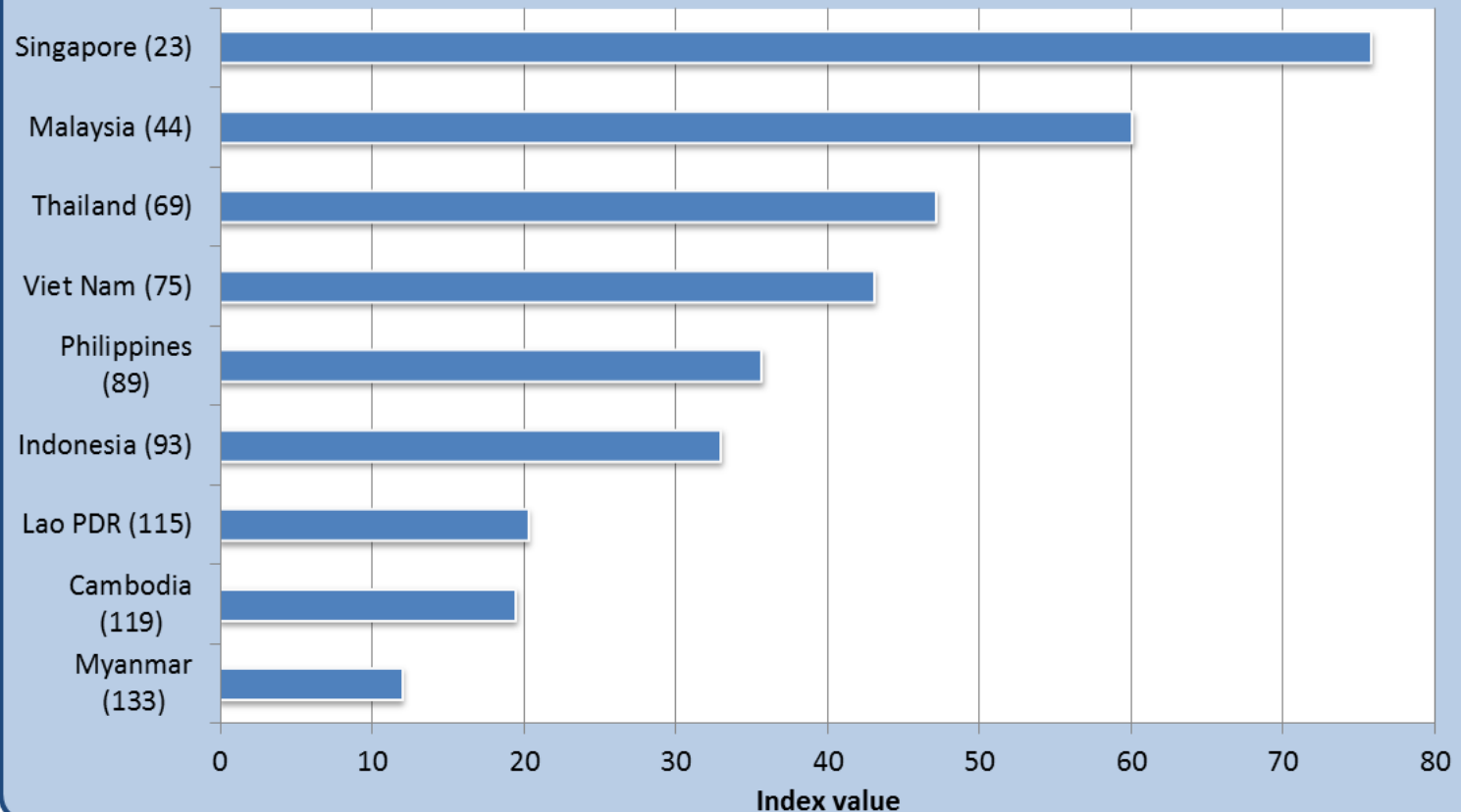


Source: UNCTAD, based on various sources.



ASEAN countries in UNCTAD B2C E-Commerce Index 2016

(Rank in parenthesis)





E-Commerce Legislation in ASEAN

	E-Transaction	Consumer Protection	Data Protection and Privacy	Cybercrime
Brunei Darussalam				
Cambodia				
Indonesia				
Lao PDR				
Malaysia				
Myanmar				
Philippines				
Singapore				
Thailand				
Viet Nam				

Viet Nam

Thailand

Singapore



BARRIERS TO E-COMMERCE UPTAKE

Urgent need for capacity-building and assistance

- Limited use of the Internet among businesses and consumers
- Lack of awareness
- Insufficient access to affordable ICT infrastructure
- Inadequate trade logistics and facilitation
- Lack of security and trust in online transactions
- Inadequate online payment facilities
- Lack of trade finance
- Limited e-commerce skills among enterprises
- Absence of statistical data on e-commerce
- Weak legal and regulatory frameworks



IMPLICATIONS FOR ASIAN COUNTRIES

- Identify potential sectors (goods or services) for domestic and cross-border e-commerce
- Increase 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*



UNCTAD and E-Commerce

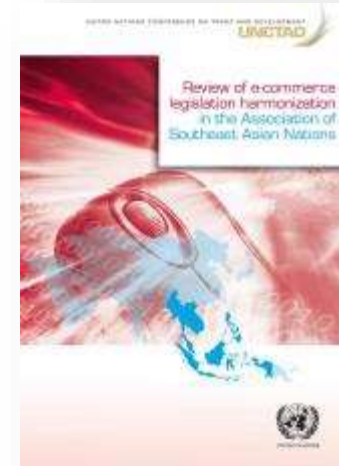
- Information Economy Report
- E-Commerce and Law Reform
 - ASEAN and selected countries
- ICT Policy Reviews
 - E-commerce strategy development
- Measuring E-Commerce
 - Discussions with Thailand, ETDA
- eTrade for All





UNCTAD Study on ASEAN E-Commerce Legislation

- ASEAN cyberlaws development:
 - *Soft agreement* approach: harmonization by agreeing on common principles and frameworks.
 - Part of efforts to promote ASEAN businesses' participation in regional/global market and supply chain.
 - Growing priority through free trade negotiations with ASEAN dialogue partners.
 - Domestic challenge: e-commerce development spans across many national agencies.





Key recommendations

- Address remaining regulatory gaps among member states
- Build capacity for law enforcement agencies - opportunity for regional and bilateral assistance
- Strengthen cross-border harmonization: cybercrime, consumer protection, e-signatures
- Adopt pieces e-payment regulations where missing
- Determine how e-commerce should be handled in the ASEAN Secretariat: Trade? Infrastructure?





CONCLUDING MESSAGE

- E-commerce can be a driver of inclusive growth and sustainable development
- More capacity-building to reduce gaps and enhance countries' e-commerce readiness
- Several international forums available
 - UNCTAD Intergovernmental Group of Experts on E-commerce and Digital Economy (4-6 October 2017); 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
- Get partners on board!



Thank you!

