E-COMMERCE IN RWANDA

IMPLEMENTATION CHALLENGES FROM CUSTOMS PERSPECTIVE

E-Commerce has expanded rapidly over the last 5 years

Rwanda is a knowledge based economy, ICT is the key driver:

❖ The 4G coverage reaches 95% of the population
❖ Construction of 5000Km of Fiber optic network
❖ Mobile penetration rate is at 76%
❖ Online payment is becoming a popular method of payment
❖ Social media is emerging as important marketing media.
REGULATORY FRAMEWORK

- Law on electronic transaction
- Intellectual property law
- Consumer protection Law

E-commerce is booming in the domestic market ...

Many online companies are registered in Rwanda,
E-commerce is booming in the domestic market

They mostly deal in:

- Motorvehicles
- Clothes
- Electronics
- Food
- Electricity
- E-tickets

Mobile Payment is the most attractive method of payment

E-Commerce Cross border trade

<table>
<thead>
<tr>
<th>IMPORT</th>
<th>EXPORT</th>
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<tbody>
<tr>
<td>Online ordering go through Alibaba and Ali Express</td>
<td>E-commerce is a key enabler to boost SMEs capacity to export.</td>
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<td>Major e-commerce partners: China and Dubai</td>
<td>Large enterprise embraced e-commerce for export.</td>
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<td>The method of payment is the credit cards, visa cards,......</td>
<td>E-commerce is promoting made in Rwanda products</td>
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Imports

Importing a car through E-Commerce

TRADITIONAL METHOD  E-COMMERCE
BENEFITS
❖ Faster and cheaper and more convenient than the traditional method
❖ It helps businesses go global
❖ Full of choices, there is no geographical limitation
❖ Reduced shipping delays
❖ Better deals offered

CHALLENGES- 1. Lack of information

UNCTAD ASSISTED RWANDA TO DEVELOPED A TRADE PORTAL:
❖ Access to all trade related information,
❖ All requirements,
❖ Laws and regulations,
❖ A step by step guide.
CHALLENGES – Customs Clearance

1. Tax component is ignored. People are attracted by the low prices but they don’t compute taxes, this is mainly due to lack of information.

2. The de minimis is below 10USD, parcels with a value above 1.5USD still have to go through the customs procedures and this is a barrier to e-commerce.

3. LESS CONTROL

HIGH RISKS OF SMUGGLING PROHIBITED
GOODS/RESTRICTED GOODS

4. E-commerce a new concept to customs officers which can cause delays in clearing trying to determine the value and the origin.
CHALLENGES – Transport and logistics

Supply chain logistics are still challenging:
❖ Postal services are still not trackable, not efficient enough to support the E-Commerce
❖ Express courier are too expensive and still taking to much time
❖ Transports costs are still high, not widely available and still relying on consolidated shipping

CHALLENGES; operationalization
❖ Bank transfers or charges are still a big challenge
❖ There is no local trusted infrastructure that enables online payments processing system, most of the online payments still rely on global systems like Pay Pal
❖ Lack of trust, online payment is still a new concept
❖ Online fraud risks
❖ Cyber crime and hacking the system is a major concern
CONCLUSION

E-commerce benefits outweigh the challenges

THANK YOU