

ITC statement at “Aid for eTrade” consultation, Thursday 21st May 2016

By any measure E-Commerce is big business. It also represents a major change in the way that trade is conducted and offers great potential to contribute to development goals, as has been emphasised clearly during today’s consultation.

And yet, developing countries are not yet taking full advantage of this opportunity. For instance, best estimates put the current share of African enterprises in this international trade below 2%: a share which could be much higher.

ITC field experience in developing and least developed countries indicates that additional support is required to help small enterprises overcome the many practical barriers to trading effectively through online channels and marketplaces – whether the trade is in products or services. These barriers are not necessarily new or specific to the Internet age, but several take on a higher importance when transactions become digital.

In our publication “E-Commerce in Africa – the way forward” and in the soon to be published “Cross border E-commerce for SMEs” ITC has researched the reality as it is experienced by small businesses in developing and least developed countries. The demand for pragmatic support is high: we encounter many examples of SMEs desperate to access the opportunities of developed country e-commerce market places and ready to take ill-advised short cuts to get there. Some bypass foreign ownership or payment restrictions by relying on banking arrangements of family or friends. Many ship their products with no regard to fiscal or legal requirements in the target market. These short-cuts result in disappointingly short-lived trade as public authorities and compliance departments move to shut down the business. Customers reject delivered goods arriving with unanticipated taxes and duties and returned shipments have to be scrapped, destroying any profitability and reputation the small firm may have had.

To address these and other identified needs, ITC has developed and piloted a series of modules – in the form of training and specific technologies as well as partnership agreements – that can address most of the barriers. Taken together, these modules provide “E-Solutions” to the challenges of conducting international trade through digital channels. Piloted in the Côte d’Ivoire and Morocco we are now extending these solutions to facilitate e-commerce in Senegal, Ethiopia, other countries in African and beyond.

E-Solutions help enterprises (and in particular SMEs) successfully take part in digital trade by acquiring necessary capabilities that are not readily accessible, affordable or understood by smaller enterprises in developing or least developed countries. The “necessary capabilities” include not only an understanding of the opportunities and requirements of international markets, but also the ability to face the more practical challenges indicated including accepting international payments, accessing efficient and cost-effective transport and logistics, and raising awareness and trust among international customers. To deliver these solutions ITC has engaged in partnerships with the private sector: leading vendors in transportation, payment solutions and market places are helping us deploy and scale the approach.

ITC is highly active in a number of fora to raise awareness on the issues and their potential resolution. To take just next month, May 2016 as an example: with UNCTAD and UPU we will lead a review at the WSIS on May 2nd for how the trade of least developed countries can be boosted through e commerce. At the World Economic Forum on “Connected Africa” on the 11th May we will launch an e commerce initiative with the Rwandan Government together with our partner in the international transportation and logistics firm DHL, and on the 29th May ITC will contribute to the organization of the China International Fair on Trade and Services (CIFTIS) with a half day workshop on E-Commerce bringing together private sector representatives and policy makers.

We welcome the “Aid for eTrade” call for action and remain committed to working with our partners, including our parent organisations UNCTAD and WTO, to ensure that it raises awareness and visibility on need for and availability of solutions.

Our vision is one where small firms in developing and least developed countries have access to advanced solutions – can sell through international market places transparently and efficiently and are able to retain a significant part of the international value creation in the country of origin and in so doing contribute to sustainable development goals, including those related to employment, opportunities for youth and women’s economic empowerment.