

Realizing Value in countries at varying levels of readiness

Rohan Samarajiva

UNCTAD

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Realizing value from high-end b-c e commerce in Sri Lanka

Sri Lankan apparel manufacturer MAS Holdings had developed Thinkx, a high-end niche product for environmentally responsible women: Washable, reusable underwear designed to replace pads and tampons, or be worn with tampons and cups for extra protection. It was marketed worldwide through e commerce.

- Until 2018, MAS
 - Manufactured the product in Sri Lanka
 - Shipped containers to the US; and
 - Completed worldwide e-commerce orders from the US
- Since late 2018, MAS
 - Manufactured in Sri Lanka and
 - Completed worldwide e-commerce orders from Sri Lanka

Running a website does not by itself realize value

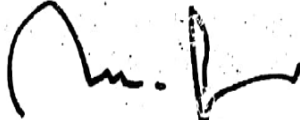
- For MAS, value realization came with the removal of the US component of the distribution chain and the completion of orders direct from factory.
- This was made possible by a change in Customs Regulations that eliminated the need to submit CusDecs per shipment, something that made small b-c shipments uneconomical.

PART I: SECTION (I) — GENERAL

Government Notifications

CUSTOMS NOTIFICATION

BY virtue of the powers vested in me by Section 101(1) of the Customs Ordinance (Chapter 235), as amended, I, Mangala Samaraweera, Minister of Finance and Mass Media of Democratic Socialist Republic of Sri Lanka, do by this Order promulgate regulations for the purpose of governing business to consumer (B2C) transactions on the e-commerce platform. These regulations shall come to effective from July 01, 2018.



Mangala Samaraweera
Minister of Finance and Mass Media

Ministry of Finance and Mass Media,
Colombo 01,
29 June 2018.

Regulations

1. These regulations may be cited as B2C (Business to Consumer) Regulations and shall

Logistics is key to realizing value from b-c e commerce



- The Drewry Port Connectivity Index ranked the Port of Colombo as the 13th best Connectivity Port in the world for the fourth quarter 2017, up by 5 places from its previous rank.
- According to the ranking, the Port of Colombo is also the top best connectivity port in South Asia.
- But until the customs regulations were changed, none of this mattered for b-c e commerce

Pandemic-caused disruptions highlighted need to address all components of e commerce value chain

Just because people can place orders on the Internet, it does not mean b-c e commerce will flourish, domestically or internationally

- The many e commerce sites that performed poorly during lockdowns showed importance of
 - Ability to handle rapid spikes in demand in web and phone interfaces
 - Warehouses optimized for e commerce
 - Last-mile delivery
 - Payment options

ICT connectivity, prices, etc are necessary conditions; but now we must focus on sufficient conditions

- Logistics
 - Payments
 - Security
 - Trust
 - Redressal
- People with no addresses
 - Archaic rules governing transport providers
 - Barriers such as CusDec requirements that made small shipments uneconomical
 - Bank regulators stifling fintech startups
 - Lack of clarity on complaints procedures