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## **What are the main challenges for developing countries, to engage in and benefit from e-commerce and the digital economy?**

Türkiye acknowledges that developing countries face various challenges in engaging with and benefiting from e-commerce and the digital economy. Some of the main challenges include limited infrastructure, particularly in rural areas, inadequate digital skills and literacy levels among the population, insufficient regulatory frameworks to address emerging issues such as data privacy and cybersecurity, and the digital divide both within and between nations. Furthermore, access to finance and payment solutions, as well as addressing logistical constraints, are crucial barriers for developing countries like Türkiye. Among these challenges Türkiye struggles mostly with below two:

- **Access to Finance and Payment Solutions:** Limited access to financial services and digital payment solutions presents a significant challenge for individuals and businesses in Türkiye. This constraint impedes the growth of e-commerce by limiting online transactions and hindering the expansion of digital marketplaces. Türkiye has taken steps to enhance its regulatory framework to attract global payment systems. A new regulation implemented in 2019 enables payment service providers based abroad to partner with licensed payment service providers in Türkiye without the requirement to obtain a license themselves.
- **Logistical Constraints:** Türkiye recognizes logistical challenges, such as inefficient transportation networks and customs procedures, as barriers to the development of cross-border e-commerce. Streamlining logistics and enhancing trade facilitation measures are essential to unlock the full potential of digital trade and improve market access for Turkish businesses. Türkiye recognizes the importance of efficient customs procedures for cross-border e-commerce. Simplifying and streamlining customs processes with the help of developments in information managements systems and other tools such as blockchain are the current agenda of Türkiye.
- **Inadequate digital skills and literacy levels among the population:** Inadequate digital skills and literacy levels among the population pose significant barriers for developing countries like Türkiye to fully engage in the digital economy and e-commerce. This limitation particularly affects small and medium-sized enterprises (SMEs), as they often lack the necessary expertise and resources to navigate digital platforms effectively. Without proficient digital skills, these SMEs struggle to establish an online presence, market their products or services digitally, and conduct e-commerce transactions. As a result, they are excluded from the opportunities that the digital economy offers, hindering their growth and competitiveness in both domestic and international markets. To address this challenge from the realm of e-commerce, the Ministry of Trade has introduced the E-Export Consortium model. This collaborative business framework brings together companies involved in comprehensive cross border e-commerce, enabling them to directly access end consumers through various e-commerce sales channels. Through consortiums, SMEs can showcase their products on online marketplaces via consignment sales or direct selling, with the consortium assuming full responsibility. This initiative fosters a more inclusive ecosystem, empowering SMEs to participate meaningfully in the digital economy.

**What are good practices and tools for the effective implementation of policy measures at the national level, to overcome the main challenges? What is the role of national Governments, agencies, United Nations resident coordinator offices and others in this process?**

**Policy Coordination and Stakeholder Engagement:** Ministry of Trade understands the significance of collaboration with diverse stakeholders, including government agencies, industry associations, e-commerce platforms, and international organizations. Establishing inter-agency coordination mechanisms and engaging in multi-stakeholder consultations ensure a cohesive and comprehensive approach to policy formulation and execution. For example, as Ministry of Trade, we are strengthening our network with global marketplaces, logistics partners, and global payment systems continuously. This network expansion is crucial for integrating Turkish companies, renowned for their quality and swift delivery, into the global e-commerce network, enhancing stakeholder engagement, and promoting policy coordination.

**Capacity Building and Training Programs:** The Ministry of Trade invests in capacity-building initiatives and training programs to enhance the digital skills and expertise of exporters, government officials, and other relevant stakeholders. Offering specialized training on e-commerce regulations, customs procedures, payment systems, digital marketing, and cross-border logistics equips stakeholders with the knowledge and skills necessary to navigate the intricacies of international trade and e-commerce. A recent training program held in November 2023 lasted three days at the national level. The upcoming one, scheduled for September 2024 at the international level, will include international stakeholders from the e-commerce and digital economy sectors. This will mark the inaugural international e-commerce summit organized through the joint efforts of public institutions and associations. Additionally, Ministry of Trade initiated a project for free digital consultancy service that directly supports cross border e-commerce. All the information needed by the exporters is gathered and presented to with a user-friendly interface on a single platform, which has AI based system through itself. With these features, it goes beyond all the global counterparts in the world in terms of its scope, nature, target audience and update of information, as well as the technology it contains.

**Policy Framework and Regulatory Reform:** Ministry of Trade collaborates closely with the national government to develop a conducive policy framework and regulatory environment for cross-border e-commerce. Additionally, there is an extensive collaboration amongst the departments of the Ministry. These collaborations involve reviewing and updating existing regulations, streamlining customs procedures, and adopting digital-friendly policies to facilitate online trade.

**Digital Infrastructure Development:** The Ministry of Trade prioritizes investment in digital infrastructure to bolster the growth of cross-border e-commerce. This includes expanding broadband connectivity, improving digital payment systems in coordination with other government institutions, and enhancing online marketplaces to offer a seamless shopping experience for consumers and businesses. Investing in innovative technologies such as blockchain and artificial intelligence further enhances the efficiency and security of cross-border transactions, bolstering Türkiye's competitiveness in the global e-commerce market. A recent project undertaken in coordination with the European Bank for Reconstruction and Development (EBRD) focused on integrating blockchain technology into customs processes. There are other projects under preparation in regards to streamline customs through new technologies.

**International Cooperation and Partnerships:** Ministry of Trade underscores the importance of international cooperation and partnerships in tackling cross-border e-commerce challenges. Collaborating with international organizations such as UNCTAD and leveraging platforms like the United Nations Resident Coordinator Offices facilitate knowledge sharing, best practice exchange, and capacity-building initiatives. We believe that there is ample scope for enhancing cooperation for the betterment of the global digital economy and e-commerce sector.

**(c) How can international cooperation help enable greater benefits from e-commerce and digital trade?**

**Establishing Common Ground on Standards:** Collaborating with international partners helps establish interoperable standards and protocols for cross-border e-commerce. In the case of Türkiye, this cooperation ensures that products and services adhere to global standards, enhancing their compatibility with international markets. By aligning with established norms, Türkiye can streamline trade processes, improve market access, and boost competitiveness in the global e-commerce arena.

**Addressing Collective Challenges:** By partnering with other countries, individual countries can collectively address challenges that affect online trade, such as cybersecurity threats, data privacy concerns, and intellectual property rights issues. This collaborative approach enables the development of robust regulatory frameworks and effective enforcement mechanisms, fostering trust and reliability in digital transactions.

**Fostering Inclusive Economic Growth:** International cooperation empowers countries, particularly the developing countries like Türkiye, to promote inclusive economic growth by facilitating the participation of small businesses and marginalized communities in online trade. For instance, by working together with global partners, Türkiye can implement initiatives aimed at enhancing digital literacy, providing access to financing, and creating opportunities for underserved groups to engage in the digital economy. This collaborative effort ensures that the benefits of online trade are accessible to all segments of society, contributing to sustainable development and prosperity.

**(d) How can international partnerships and coordination for digital cooperation help accelerate progress on building readiness for e-commerce and the digital economy?**

International partnerships and coordination for digital cooperation can significantly accelerate progress in building readiness for e-commerce and the digital economy by fostering knowledge exchange, resource sharing, and collaborative problem-solving. By leveraging the expertise and resources of multiple countries and organizations, nations like Türkiye can access best practices, innovative technologies, and capacity-building initiatives to enhance their digital infrastructure, regulatory frameworks, and skill sets. Furthermore, coordinated efforts enable the development and implementation of common standards and interoperable systems, streamlining cross-border transactions and promoting trust and confidence in digital trade. Through strategic alliances and cooperative endeavors, countries can collectively address challenges, bridge digital divides, and unlock the full potential of e-commerce and digital technologies for inclusive economic growth and sustainable development.