

CONFÉRENCE DES NATIONS UNIES SUR
LE COMMERCE ET LE DÉVELOPPEMENT



UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

**Contribution to the UNCTAD Draft Call for Action on the
Aid for eTrade Initiative**

Submitted by

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**Comments from Bangladesh Computer Samity (BCS) and
Daffodil International University (DIU) Bangladesh on
Aid for e-trade
Unlocking the potential of e-commerce in developing countries
Draft call for action**

We know that Aid for Trade is about helping developing countries, in particular the least developed; to build the trade capacity and infrastructure they need to benefit from trade opening. It includes technical assistance — helping countries to develop trade strategies, negotiate more effectively, and implement outcomes.

According to the Draft call for action, “Unlocking the potential of e-commerce in developing countries”, the following critical constraints were come out:

- Limited knowledge among Governments and regulators of e-commerce and its application;
- Concerns about possible adverse effects of e-commerce and how to mitigate them;
- Affordable ICT infrastructure (Internet and broadband coverage);
- Trade logistics and facilitation, including customs procedures and trade compliance;
- Lack of security (user mistrust);
- Inadequate online payment facilities;
- Lack of trade finance;
- Limited skills among enterprises to use ICTs strategically for buying and selling goods and services;
- Lack of statistical data on electronic commerce;
- Weak legal and regulatory frameworks, including contract and dispute-resolution mechanisms.

This is a very good initiative of UNCTAD where Bangladesh can be benefitted as we have a number of e-commerce based organizations along with e-commerce association of Bangladesh (E-cab).

E-commerce has started its journey in Bangladesh in 2009. Till date, we have more than 250 e-commerce organisations in Bangladesh. E-commerce and e-payment services are increasingly contributing to the GDP in both developing and developed countries. The current market size, in mainly the product space, is approximately Tk 100 crore, annually, according to *BASIS E-Commerce Alliance*.

A rough estimate of foreign investments in the e-commerce industry would be \$ 50 million in Bangladesh. Compared to that, only one-tenth of that amount is invested by local investors. The ‘aid for e-trade’ can focus on how to facilitate in increasing the number of local investor gradually.

Data security in e-commerce is a challenging issue. In Europe, in terms of data delivery, it is around three (3%) percent through mobile platform and the rest 97 percent is delivered through other platforms like wireline and WiFi infrastructure which is almost reverse situation in Bangladesh. UNCTAD report can address the issue of data security. The percentage of people’s internet penetration is also insignificant in Bangladesh. As per BTRC statistics (upto Feb, 2016), total number of internet subscribers were around 58 million of which about 55 million are using internet through mobile phone. So, broadband internet connection is very low in Bangladesh. The UNCTAD initiative may work in this area to increase this number further.

There are **some issues that need to be addressed** to reach its full potential:

1. Developing and upgrading delivery channel to the customers
2. Online payment system up-gradation
3. Lower internet connectivity/coverage
4. Affordable, high speed and un-interrupted internet
5. Improving the online transaction system
6. Minimizing online fraud

The following points need to be considered in line with the call for aid for e-trade:

- In the policy areas, the “**Association/Think Tank**” component can also be included along with other 6 priority areas.
- The representatives of IT infrastructure companies and relevant private sector representatives from developing countries may become members of “**Private sector advisory council**” of aid for e-trade. The private sector stakeholders may get opportunity to meet on the platforms like: **annual UNCTAD E-Commerce Week**, the **annual World Summit on the Information Society Forum** (both held in Geneva) and the **World Trade Organization (WTO) Global Review of Aid for Trade**.
- Aid for e-trade initiative will also work to encourage the governments of developing countries in formulating a **national e-commerce/trade strategy in line with the national trade policy/strategy**.
- Aid for eTrade will help developing countries build the necessary capacity to engage in and benefit from e-commerce. It should be cleared as to how they will enhance or ensure capacity building of this sector.

The Government of Bangladesh recently published 7th Five Year Plan (2016-2020) aims to convert the Vision 2021 into long-term development targets. The 7th FYP articulates new strategies, institutions and policies, while strengthening existing ones, to complete the remaining agenda of achieving the social and economic outcomes of the Vision 2021 and the Perspective Plan. We suggest that Aid for e-trade initiative by UNCTAD can consider the following issues (excerpted from the 7th FYP, Bangladesh, http://www.plancomm.gov.bd/wp-content/uploads/2015/10/7th_FYP_18_02_2016.pdf) to include and re-design the draft in line with the perspective plan. Please find the following issues for the draft:

Promote Economic Growth (Excerpted from 7th Five Year Plan (2016-2020) of Bangladesh)

Expand markets and reduce transaction costs through e-commerce and trade

This entails focus on a number of areas including:

- ***e-Commerce and online/mobile transactions:*** Mobile phones and the internet have the potential to inter alia expand market access and level the playing field for small producers. At the same time, consumer prices will be driven down and the quality will increase due to increased competition. Specific focus on rural e-commerce and low-cost online transactions would be devised and popularized.

- **Business productivity:** ICTs have proven to increase productivity in virtually all sectors of economy and business ranging from agriculture, manufacturing and services. Appropriate productivity tools will be adopted alongside incentives for quick adoption.
- **Rapid expansion of the IT/ITES industry:** ICTs hold immense promise for a country like Bangladesh which boasts a booming youth population, with a sharp interest to learn ICT tools and put them to the purpose of gainful employment.
- **Convert ICT to a major source of export earnings:** The past progress in increasing exports of ICT services, while encouraging, still constitutes a low level of earnings. As compared with a mere half a billion dollar worth of ICT exports in Bangladesh, these amount to \$72 billion in neighboring India. Even after allowing for size effects, the ICT export earnings are 3.4% of GDP in India and only 0.3% in Bangladesh. The global export market is large and Bangladesh has strong comparative advantage based on relatively low cost labor. As well, the investment and transaction costs are manageable and within the capabilities of the current Bangladesh environment.

Promote public-private partnership (PPP)

The concept of PPP is new for e-service or m-service delivery in Bangladesh. There is a gap in perception about PPP within the government and private sector in view of the dichotomy of public and private interests. The relevant stakeholders are not aware about strong political commitment of the government to engage with the private and non-state sectors. This is because the PPP Policy is not well circulated and not sufficiently explained among the stakeholders. The transformation of strategic priorities from agenda into action requires significant resource mobilization, which is currently inadequate. The vision is to make e-service delivery a reality through active participation of private sector under PPP.