

**Intergovernmental Group of Experts on
E-Commerce and the Digital Economy**
Second session

18-20 April 2018
Geneva

Contribution by

UZBEKISTAN

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THE REPUBLIC OF UZBEKISTAN

Done by: Shakhzodjon Kurbonov
The Ministry for Foreign Trade of the Republic of Uzbekistan

"Development of e-commerce and digital economy in the Republic of Uzbekistan"

Contributing to the growth of the population's income through the organization of business in the field of e-commerce with relatively low capital intensity and high speed of capital turnover, increasing the virtual mobility of the population, the global e-commerce market has become one of the fastest growing segments of the market economy.

According to Internet World Stats, the number of Internet users in the world in 2017 increased 10 times and amounted to 4 billion units compared to 2000, and the annual growth of Internet commerce is twice as fast as the growth of traditional trade.

The rapid growth in number of Internet users around the world has promoted further development of e-commerce. Khurana, A. provides several advantages of e-commerce including overcoming geographical limitations, gaining new customers with search engine visibility, lower costs, locating product quicker, eliminating travel time and cost, providing comparison-shopping, and many others due to which today it is developing at high rates (Ajeet Khurana, Advantages of E-commerce Over Traditional Retail, 2017, November 19).

As Orendorff, A. stated that the world turnover of e-commerce transactions between enterprises (B2B) in 2017 exceeded 7.7 trillion. USD, while between enterprises and consumers (B2C) estimated at 2.3 trillion USD (Aaron Orendorff, Global Ecommerce, 2017, September 1). Still, there is no reliable source providing data on other types of e-commerce including C2B, C2C, and B2G.

Moreover, DeMatas, D. indicated, "sales from online stores are expected to increase 78% by 2020" (Darren DeMatas, 5 Types of Ecommerce Business Models That Work Right Now, 2018, February 3).

Due to its advantages, the regulatory and legal framework governing e-commerce is being formed in Uzbekistan, in particular, laws "On E-commerce", "On Communication", "On Informatization", "On Copyright and Related Rights", "On Guarantees and Freedom of Access to Information", "On Telecommunications", "On Postal Communication", "On Electronic Digital Signature", "On Electronic Document Management".

The developing telecommunications infrastructure is ensuring the prompt interaction of government authorities, business entities and individuals with the active use of new information technologies through the widespread introduction of modern electronic applications and payment solutions.

The mechanism of the electronic payment system and commercial banks provide a wide range of services for remote management of bank accounts, which has made it possible to increase the number of users more than 20 times over the past five years, and the services of Internet banking and mobile banking - more than 21 times.

The single interbank payment system “Uzkart” operates and evolves with the transition to the EMV standard, which unites the payment systems of all commercial banks of the country for the settlement of plastic cards with microchip modules.

Exchange mechanisms for trading in highly liquid products, raw materials and components have developed. Therefore, all transactions on commodity exchanges of Uzbekistan were integrated into electronic systems in 2001 and the most important types of materials and technical resources of domestic producers have been realized in electronic auctions of the Uzbek Republican Commodity Exchange “UzEx”.

The Presidential Decree “On optimization of the public procurement system and expansion of the involvement of small business subjects” (February 7, 2011, №PP-1475) introduced a mechanism for public procurement through electronic auction bidding, which ensures the effective use of the public funds, and expands the access of business entities to receive government orders for the supply of goods (work, services).

Further, to promote export of small businesses, Resolution No. 259, Cabinet of Ministers, “On Measures to Implement the Law of the Republic of Uzbekistan “On Electronic Commerce” (R No. 259, September 8, 2015), ensures the right to export goods, works and services through online stores via Internet. This enables businesses to use e-commerce benefits without signing export contracts after receipt of full payment into their bank accounts, and filling this information into the Unified Electronic Information System foreign trade operations.

At the same time, goods with an equivalent value of up to \$ 1,000 can be exported through online shops on the Internet without the need for a customs declaration and in accordance with the rules for the provision of postal services.

Furthermore, based on the international best practices, in December 2016 the government developed a “Strategy actions in five priority areas of the Republic of Uzbekistan in 2017-2021”. The Strategy is directed to stimulate economic development and liberalization through the implementation of directions, including the development of market mechanism, the liberalization of the currency, the simplification of export process, export diversification and of economic and export capacity expansion, implementation of economic development policies through export promotion and foreign direct investment attraction.

Thus, the need for creation of e-commerce platforms serves as a basis for sustainable promotion of export-oriented policies and fully suits the governmental priorities for further overall development in Uzbekistan.

At the same time, during the Presidential state visit to the Republic of Korea in 2017, in order to promote the export of domestic products and improve the system of a single window via e-commerce, an Agreement on Cooperation between the Ministry of Foreign Trade of the Republic of Uzbekistan and the Ministry of Trade, Industry and Energy.

Based on the mentioned agreement the government has launched a joint project to create e-commerce in the country, which will be implemented within 3 years, with a preliminary total cost of \$ 22 million. The project will help to:

- promote the products of Uzbek companies to foreign markets and enhance their international competitiveness by supporting effective trade marketing and the trading process,

- promote Uzbekistan's trade and foreign direct investment attraction by supporting the government's policy in foreign exchange and trade liberalization.

In order to increase the volume of exporting goods, in 2016 the Ministry for Foreign Trade established the first national foreign trade electronic marketplace "UzTrade" (www.tradeuzbekistan.com), based on the experience of leading and already proven global brands in the field of electronic commerce.

The foreign trade platform is designed to bring together in one site domestic manufacturers that export products outside the Republic of Uzbekistan, foreign trade companies and foreign buyers.

This system is a convenient platform for interaction between producers and exporters with foreign trade companies and buyers, providing the opportunity to negotiate and conclude transactions in real time.

At the same time, in order to activate and strengthen the work of the foreign trade area, The main department for marketing and export promotion of the ministry together with Korean partners KTNET and KITA is working to modernize the trading site tradeuzbekistan.com and bring it to the level, comparable to ALIBABA, EBAY, ALLBIZ and AMAZON.

Currently, the created similar Korean trading platform TradeKorea.com successfully operates not only in Korean, but also in the international markets.

Still, according to UNCTAD B2C E-Commerce Index 2016, Uzbekistan received 26.1 points out of the possible 100 in terms of electronic commerce development in 2016 (the average score for transition economies - 43). Moreover, the country has dropped from 78th to 108th position since 2014, which proves the

insufficient development of e-commerce in the country. Therefore, it requires the Uzbek government to promote further e-commerce development based on the best experiences of developed countries.

Given the coordinating role of the Ministry for Foreign Trade in the establishment of the National Electronic Commerce Platform in Uzbekistan, as well as the lack of development of national e-commerce, it is necessary for the Ministry staff to share experience and practice with the rest of the participating countries.

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