

INTERGOVERNMENTAL GROUP OF EXPERTS ON

eCommerce and the Digital Economy



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Fostering development gains from e-commerce and digital platforms

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Recent e-commerce trends

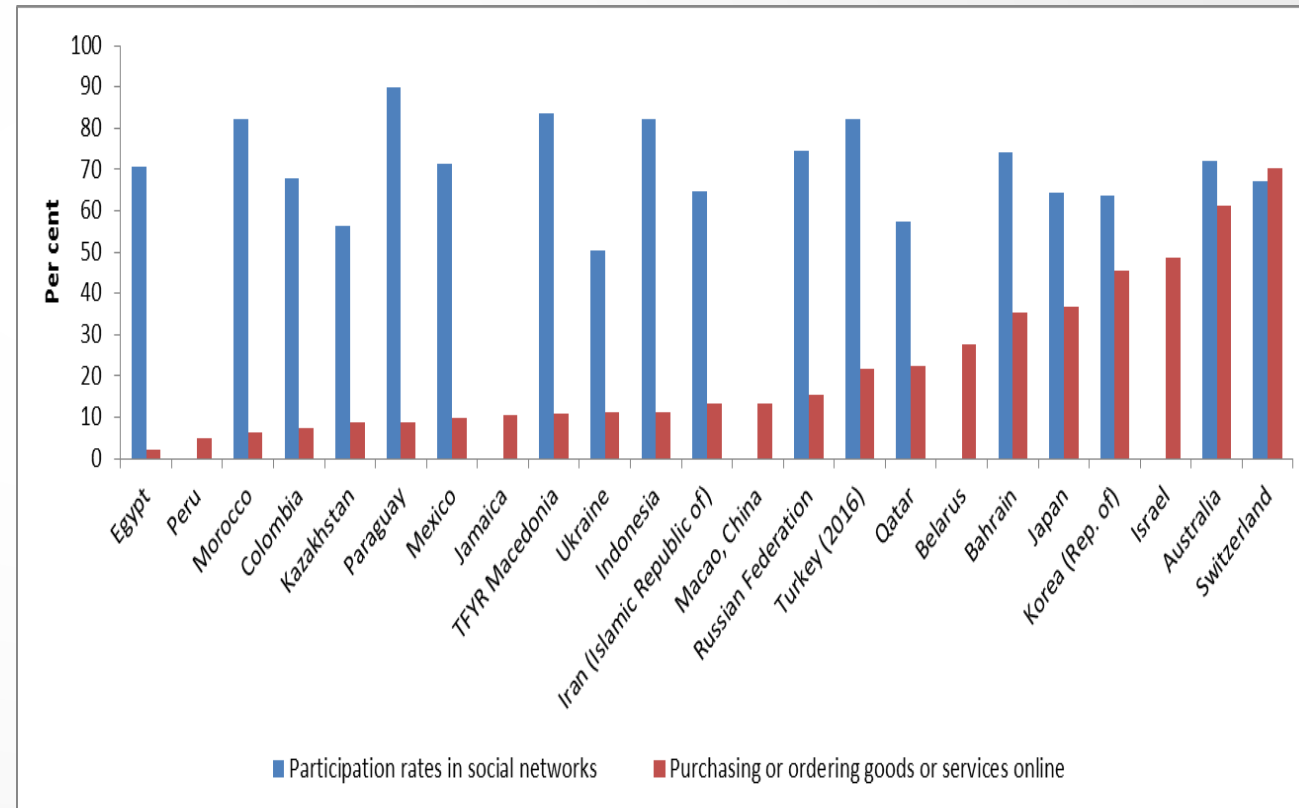
Rapid expansion of e-commerce

- Global e-commerce sales: \$25.7 trillion in 2016 (of which \$23.0 trillion B2B)
- Number online shoppers worldwide: from 600 million in 2010 to about 1.2 billion in 2016
- Cross-border B2C in 2015: 380 million consumers on overseas websites buying for \$189 billion

Considerable e-commerce divide:

- LDCs: Under 2% of population shop on-line, 60-80% in developed countries
- Lack of e-commerce data prevents evidence-based policies

Proportion of Internet users purchasing online and participating in social networks, selected countries, 2015 (per cent of Internet users)



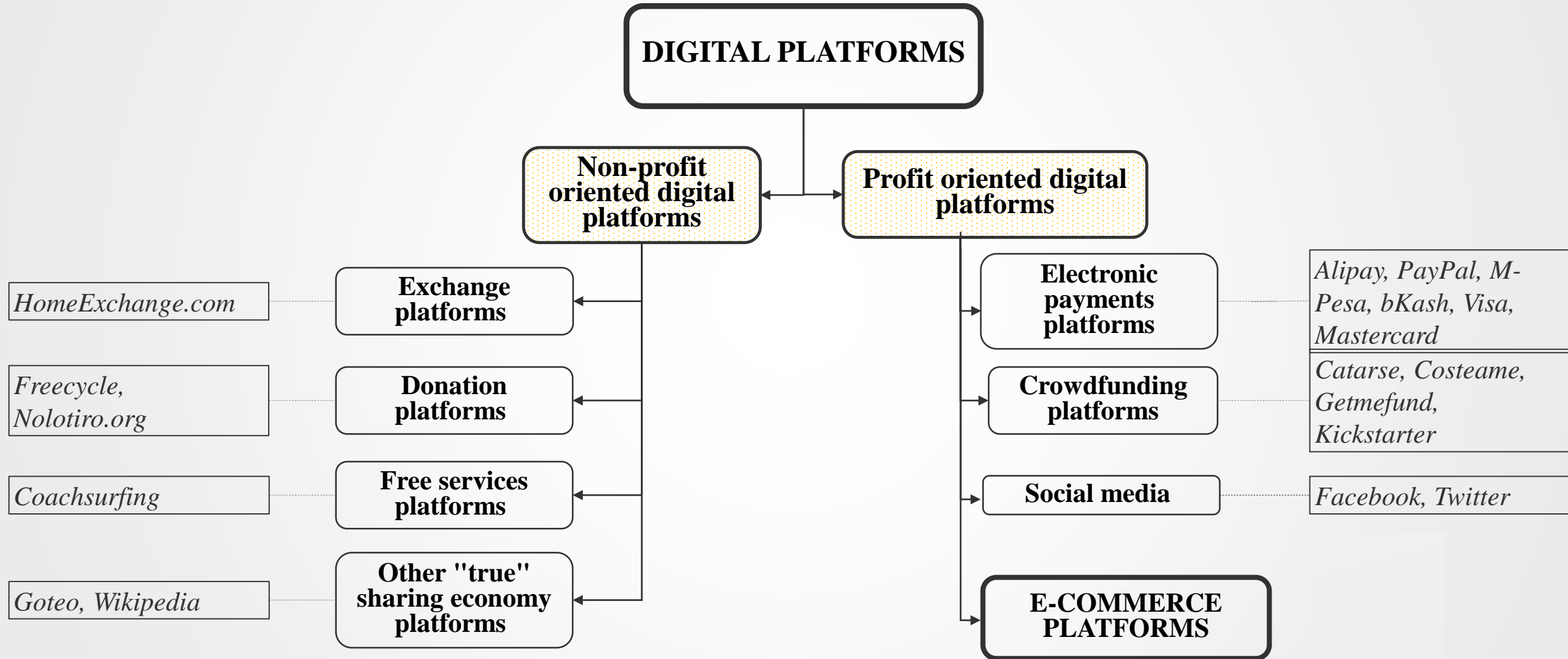
Potential benefits of platforms

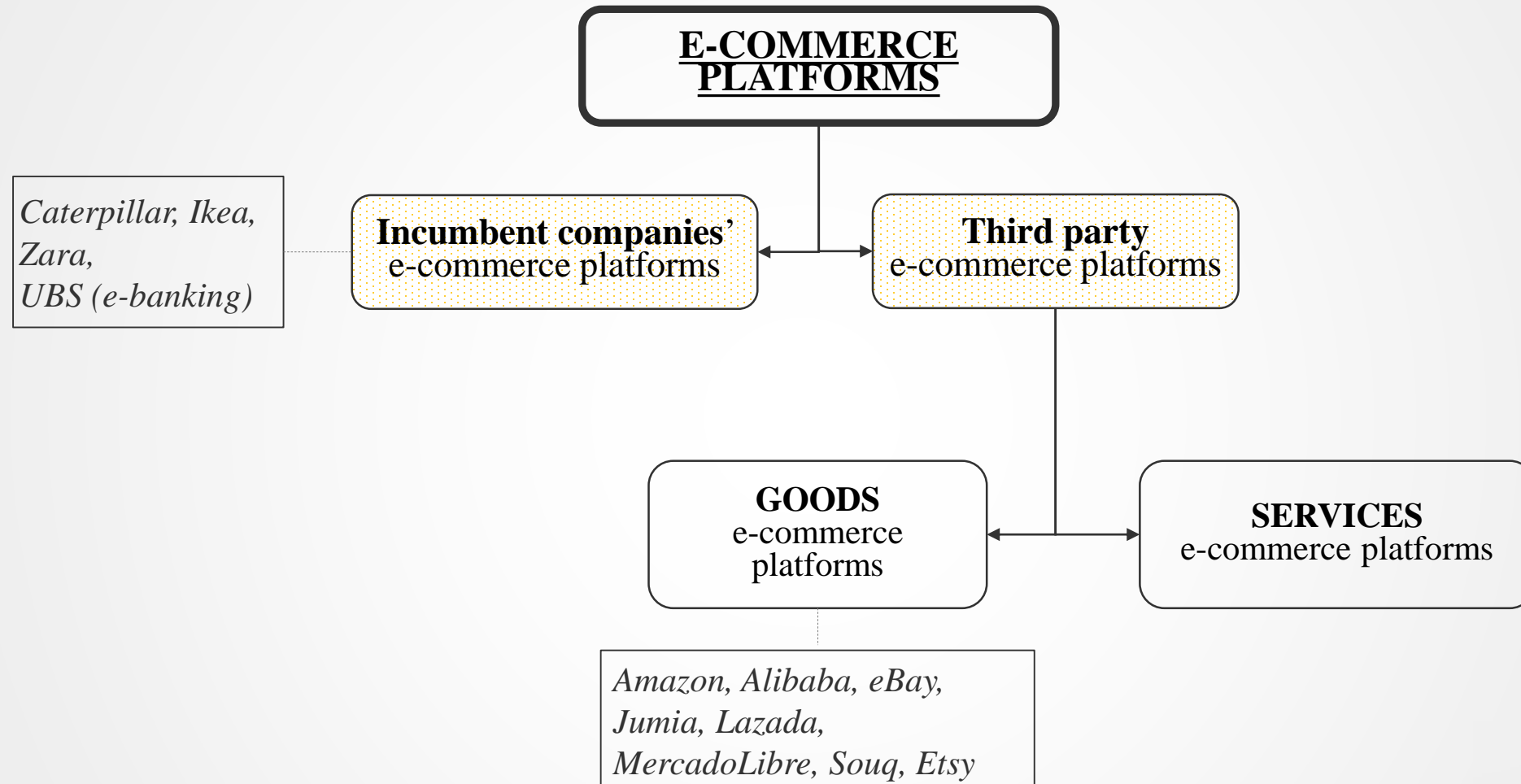
- Lower transaction costs and search costs
- Lower consumer prices
- Create new trading opportunities
- Increase market access
- More competition
- Flexibility for services providers

Concerns related to platforms

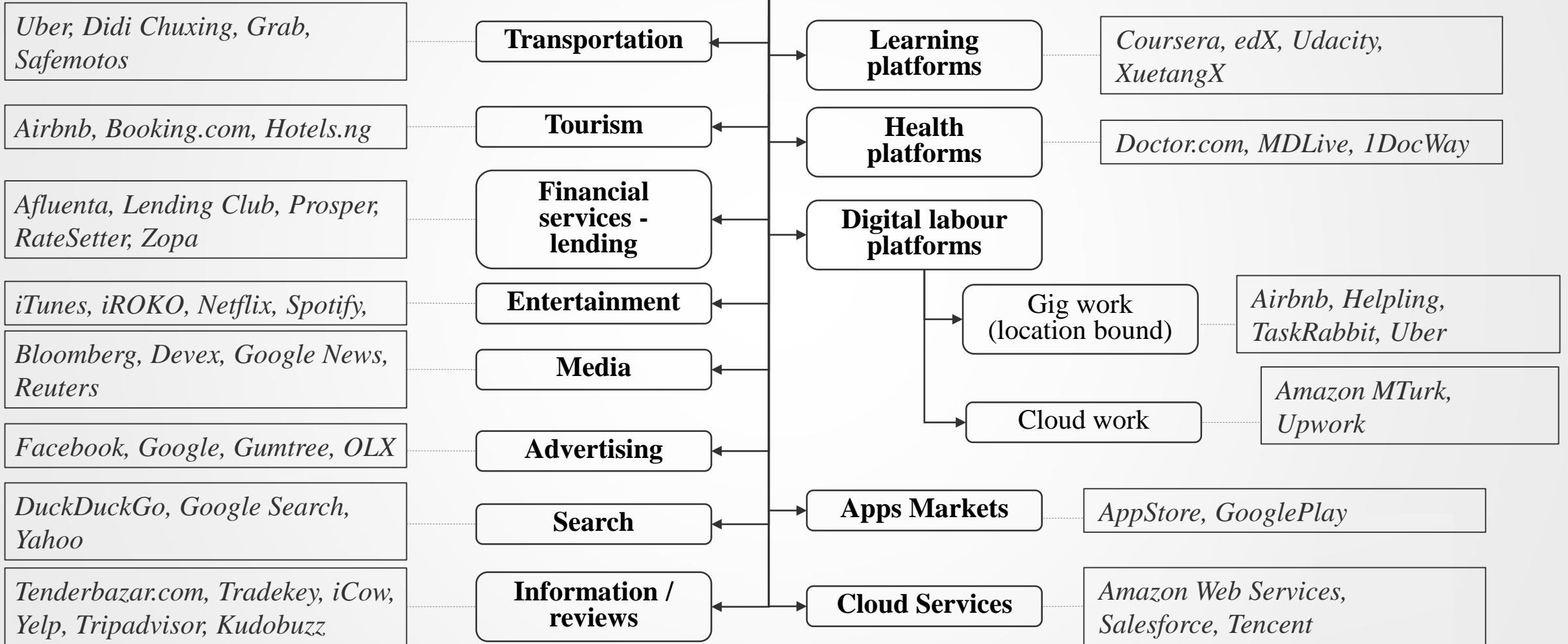
- Market power of some platforms may lead to abuse of dominant position
- Data protection and privacy
- Tax erosion
- Negative effects on Jobs and working conditions

E-commerce in the digital platforms landscape





SERVICES
 e-commerce platforms



Benefits of national or regional platforms

- Shorter shipping times
- Flexible payment options
- Relevant products, local language interface
- More linkages with local industries and suppliers, reduced reliance on imports
- Opportunity to support national exports
- Provide a complementing role to global platforms
- Greater scope for tailored platforms to be successful if they target specific niches (e.g. tourism)



Examples of online platforms in developing countries for domestic and cross-border e-commerce



Barriers to accessing international platforms

- Lack of information on quality of firms, production processes and products
- Restrictions to accessing platforms
 - government policies of host or home country
 - corporate strategies of the platform owner
- Lack of ePayment systems: e.g. in 2017 PayPal business accounts available in more than 100 countries but unavailable in most low-income developing countries



Constraints faced by SMEs in developing countries to trade online

Economic barriers

- Lack of purchasing power
- Inadequate ICT infrastructure and use
- Weak financial systems
- Limited use of credit cards and poor availability of payment solutions
- Lack of cost-effective logistics
- Lack of conformity with legal and fiscal requirements in target markets

Socio-political barriers

- Weak legal and regulatory frameworks which influence trust
- Cultural preferences for face-to-face interaction
- Reliance on cash in society

Capacity barriers

- Low levels of ICT literacy and technological skills
- Lack of awareness and knowledge related to e-commerce among consumers and enterprises



GUIDING QUESTIONS:

A. How can developing countries foster *local platforms* for domestic and cross-border e-commerce?

GUIDING QUESTIONS:

B. What are the existing barriers related to *international e-commerce platforms* that developing countries, including the least developed countries, face and how can these barriers be overcome?

GUIDING QUESTIONS:

C. What are some of the operational constraints that *small and medium-sized businesses* in developing countries face when setting up trade online, and how can they be overcome?

GUIDING QUESTIONS:

D. What are the *good practices* that developed and developing countries, including the least developed countries, can learn from each other?

Thank You!