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Contribution by

SERBIA

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Input to UNCTAD's Intergovernmental Group of Experts on E-commerce and the Digital Economy Submitted by Serbia

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(Based on the four guiding question proposed by the organizers)

Topic: The value and role of data in e-commerce and the digital economy and its implications for inclusive trade and development

•What are the role and value of data in e-commerce and the digital economy in the context of inclusive trade and development? What are the key opportunities and challenges associated with managing and regulating data and dataflows? What are the public policies, regulations and institutional arrangements in different countries and regions for harnessing and protecting data related to e-commerce and the digital economy, and bridging the digital divides including between and within countries and relating to youth, rural economy, microenterprises and small and medium-sized enterprises and gender? How could developing countries build capacities including skills to use new and emerging technologies such as big data analytics and artificial intelligence?

Role and the value of data in e-commerce and digital economy in the context of inclusive trade and development is an undisputed topic that should be on the agenda of every country - both state institutions, private businesses and commerce organizations liaising between them.

Digital economy and e-commerce are one of the main priorities of the Government of the Republic of Serbia, as well as of the Ministry of Trade, Tourism and Telecommunications. Bearing in mind the fact that e-commerce is multidisciplinary and horizontal field that includes different topics, such as legal obligations of e-traders, taxes, custom procedures, cross border issues, consumer protection, intellectual property protection, logistics, online payment and payment system, in January 2019, the Ministry of Trade, Tourism and Telecommunications set up a multistakeholder Working Group that includes representatives from different institutions and other relevant stakeholders: Ministry of Finance, Tax Administration, Custom Administration, National Bank

of Serbia, as well as state companies, trade associations and private businesses. The main task of Working Group is to identify key barriers to e-commerce development in Serbia and to prepare an Action plan for improvement of e-commerce in Serbia and removal of existing barriers, for period 2019-2020. This joint venture is supported by USAID Cooperation for Growth Project through the Project „Strengthening e-commerce in the Republic of Serbia“ which includes assisting the Ministry of Trade, Tourism and Telecommunications in designing and implementing set of measures for strengthening e-commerce in Serbia. Framework of this activities includes adoption of incentive measures for e-traders, as well as raising awareness activities in order to promote e-commerce and improve consumer’s trust.

In conditions of the liberal market and the digital economy it is particularly important to conduct regulatory framework analysis and to identify possible barriers that contribute to legal uncertainty and make the business of e-traders more difficult. That was the first step in the line Ministry which resulted in preparing amendments of the legal framework that regulate e-commerce: Law on Trade, Law on E-commerce and Law on Consumer Protection, as well as Law on Postal Services which is important for the product delivery and logistics issues. New legal framework regulates online sale in detail, web-shops and online platforms are precisely defined, basic forms of e-commerce are identified, including drop-shipping etc. In the coming period, adoption of new legal framework has been expected.

In the e-commerce area and ICT sector as well, it is important to emphasize that doing e-business which includes ICT skills and digital competences, is not only male profession and that the role of women is very important and useful as well. Enhancing the role and the position of women in ICT field is one of the strategic priorities of the line Ministry which continuously carries out educational activities relate to improving women ’s digital competences and skills, as well as raising awareness campaigns in aim to promote ICT profession among girls and women. In March 2019, the Government of the Republic of Serbia, on the proposal of the Ministry of Trade, Tourism and Telecommunications, adopted the Program for Enhancing Women in ICT for period 2019-2020 with Action Plan, which includes set of various measures and activities in order to reduce gender gap in the digital sector, as well as improving the economic position of women and the status of women in the labor market and other social area. Having in mind that e-commerce economy has not been developed in rural area yet, it is important to mention that this Program also includes activities aimed at raising the level of digital literacy and digital competencies of rural women and increasing the use of new technologies and e-services by women from rural areas, including digital promotion and online selling traditional domestic products.

According to the statistics, Serbia does not lag behind the rest of the world in the domain of digital literacy. 43% of citizens actively use social networks, while 38% of them use them on mobile devices (out of the 63% of the total population which is using smartphones). 75% of the population in Serbia uses the Internet, while 84% of these users do it every day. The Serbian market is very favorable for digital development, given the fact that the growth of social network users on mobile devices is constant - last year it was 10%, as well as the total number of mobile users that grew by 5.6%. Conscious of the fact that digital literacy is one of the main pillars of the e-commerce development in Serbia, Digital Skills Development Strategy for period 2019-2023 is being prepared in the line Ministry. Activities and measures from this strategic document will improve digital skills and literacy of our citizens, enhance their knowledge about online payment, including e/m-banking, and encourage them to make more online purchases, so as to become e-consumers in digital economy. The adoption of this strategy is planned by the end of 2019.

It should be pointed out that education of traders is crucial for e-commerce in Serbia. The annual activity of the line Ministry is education for e-traders, organized through workshops in cooperation with the Faculty of Economics and its eminent experts in e-commerce field. That represents important opportunity for traders to improve their knowledge in e-commerce area, boost their career and share professional experiences. Education of traders is also the activity of the e-commerce associations in Serbia which are very important stakeholders, such as the Centre for the e-commerce development as well as E-commerce Association of Serbia, which try to educate all the stakeholders of the purchasing chain.

Statistics clearly point to the great potential of the domestic market to boost the development of e-commerce to a higher level. The number 1 driver of the Serbian economy today is the IT sector, whose exports of services bring the highest profits in the state budget. Digitalization of the society is constantly moving upwards, while the payment methods of services are still at a level that is not so envious. At present, 71% of Serbian citizens have their own bank accounts, while 18% have a credit card. Most online transactions are limited to tourism and retail chains engaged in the sale of electronic equipment. Digitalization throughout all sectors contributes to economic development, and it is a logical process in one society's evolution. Space is huge, especially in the use of data that will contribute to the perfect user experience. Finally, in e-commerce, customer expectations will grow together with technology that will impose premium shopping experience.

There is enormous potential in marketing channels fine tuning because they will be expected to follow users through every step of their customer journey. Any missed opportunity in this will be a missed opportunity for additional profit. This process will also be supported by smart customer services from which customers expect more and more. In the field of financial innovation, the e-commerce industry has to offer better opportunities for faster and safer online shopping and as well serve as a detector of potential risky transactions. Data collection from mobile-friendly devices has to become a standard for companies that already have developed e-commerce, as m-commerce is on the rise with an ever-increasing number of mobile users. The potential still exists in IoT and AI tools that can complement the user experience. On the final note, smart data usage will provide decision-making both at the micro level and at the macro level.

A large percentage of people in Serbia use the Internet and we believe this number will increase with years to come, which puts even more users at risk of data misuse. Together with technological development, the governments of countries must play an important role in setting standards and enforcing regulations, and the industry has the responsibility to follow them through.

Challenges in data control are of a global nature, and they apply to all countries of the world. Cyber attacks, as well as the abuse of data, cause large damage on an annual scale. Such attacks are certainly a big threat to multinational companies that carry a higher risk and potentially greater consequences. However, what is specific to the Republic of Serbia is that the fact that 97% of Serbian companies are small and medium enterprises that employ about 56% of the country's total employees and account for 46% of total country exports. We believe that the danger lies in potential attacks on smaller companies that rely on their own infrastructure.

Specifically, in Serbia, the share of the e-commerce sector in the economy is still disproportionate comparing to the rest of the world. Traffic generated per Internet user in Serbia is 10 times smaller than in the rest of the European Union in particular. Bearing that in mind, the Government of Serbia acknowledges that the strengthening of the e-commerce sector as one of its important initiatives, since it is an important driver of economic and social development, especially the development of small and medium-sized enterprises.

The Republic of Serbia, with its developed IT sector, as well as talented young engineers dealing with innovations in the field of cybersecurity, artificial intelligence, and robotics, can contribute to the development of the digital economy on a global scale. Consolidated and continued investments and

education of the IT sector, as well as the creation of conditions for work, can create a favorable climate for cooperation with international institutions and governments.

Investments in information technology and automation of business processes is the only way to put local businesses in developing countries on a global map. Through the identification of the market stakeholders and overall market potential, perfect conditions for smart investments could be created. The selfless investment in new technologies, education and a clear vision of the top management of private companies and state sectors will decide whether developing countries will be part of the era of digital transformation or not.

Conclusion

Development of e-commerce in Serbia is a joint venture of the state authority and the industry. By working through partnership among the state authority, the industry and other relevant stakeholders, a unique digital space will be created, with a unique goal of furthering economic development in Serbia.

- Contributed by the Ministry of Trade, Tourism and Telecommunications in cooperation with E-commerce Association of Serbia
- See also: www.mtt.gov.rs, www.ecommserbia.org