Policies to support SMEs' export through cross-border e-commerce: what may work and what may not

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Cross-border E-commerce: Empowering SME Exportation

- Acknowledges benefits: While cross-border e-commerce undoubtedly facilitates SME exportation...
- Recognizes limitations: ...it's essential to acknowledge that it cannot eliminate all barriers for SME exports.
- Highlights challenges: Navigating cross-border e-commerce can pose complexities and demands for SMEs.
- Identifies a research gap: Notably, there's a scarcity of analysis regarding effective policies for countries to adopt in promoting SME exports

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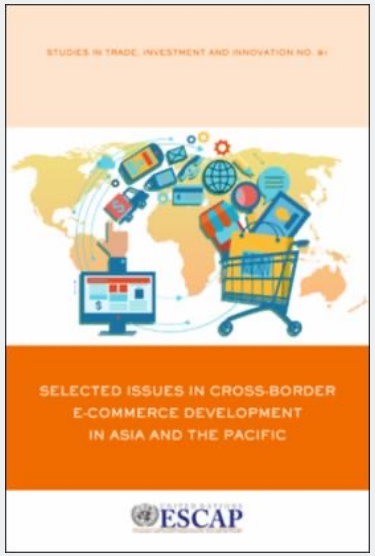
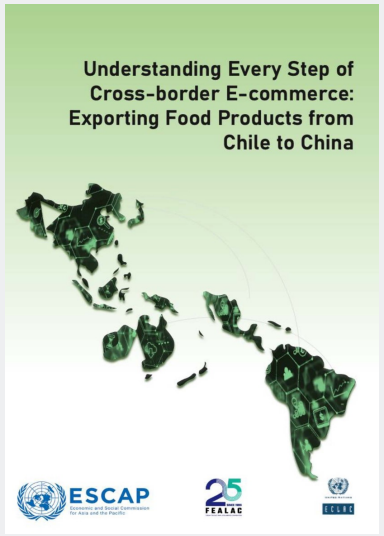
Support evidence based policy making











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Rwanda coffee to China

Mind you: Rwanda is classified as a least developed country (LDC) by the United Nations



With over 290 coffee growing cooperatives and approximately 400,000 farmers dedicated to its cultivation, coffee production serves as a vital component of Rwanda's agricultural sector.



In 2018, Rwanda started collaborating with a cross-border e-commerce platform and this partnership enabled Rwandan coffee to make its debut in China with an increasing number of coffee consumers.



Since then, Rwandan coffee has experienced an astounding 700% increase in sales volumes.

How does Rwanda's Ambassador sell coffee on livestream?



0:03 / 2:51

Scroll for details

Thai durian to China

- Through the collaboration between Thai government and a cross-border e-commerce platform, 80,000 durians were sold to the consumers in China within a minute



King of fruits?

Small cherries, big business

- Chile exported 598,362 tonnes of fresh fruit to China in the 2022-2023 season.
- The cherry is the second-most important product exported from Chile to China, following copper ore, with over $2 billion in export value annually
- Trade process: both online and offline



Source: https://www.ciie.org/zbh/en/news/exhibition/focus/20240207/43033.html

Common success factors: Handholding SMEs throughout the whole journey and be **very selective**

- Collaboration between governments and e-commerce platforms; and the e-commerce platforms provide comprehensive services such as marketing, logistics, customs clearance, warehousing, distribution within the destination countries, payment
- Selection of products which are important for SMEs and farmers
- Targeting large consumer market



What may not work (1)?

- Measure to deal with one specific aspect of cross-border e-commerce, for example,
  - set up a national cross border e-commerce platform to support SMEs to export national products by a small economy
  - General training
  - …



Why not working?

Focusing on one separate element of cross-border e-commerce is unlikely to change the network effect

- 1. Cross-border e-commerce platform
- 2. Seller
- 3. Buyers
- 4. Logistics companies
- 5. Payment Businesses
- 6. Foreign trade service companies
- 7. Cross-border e-commerce supervision and administration authorities

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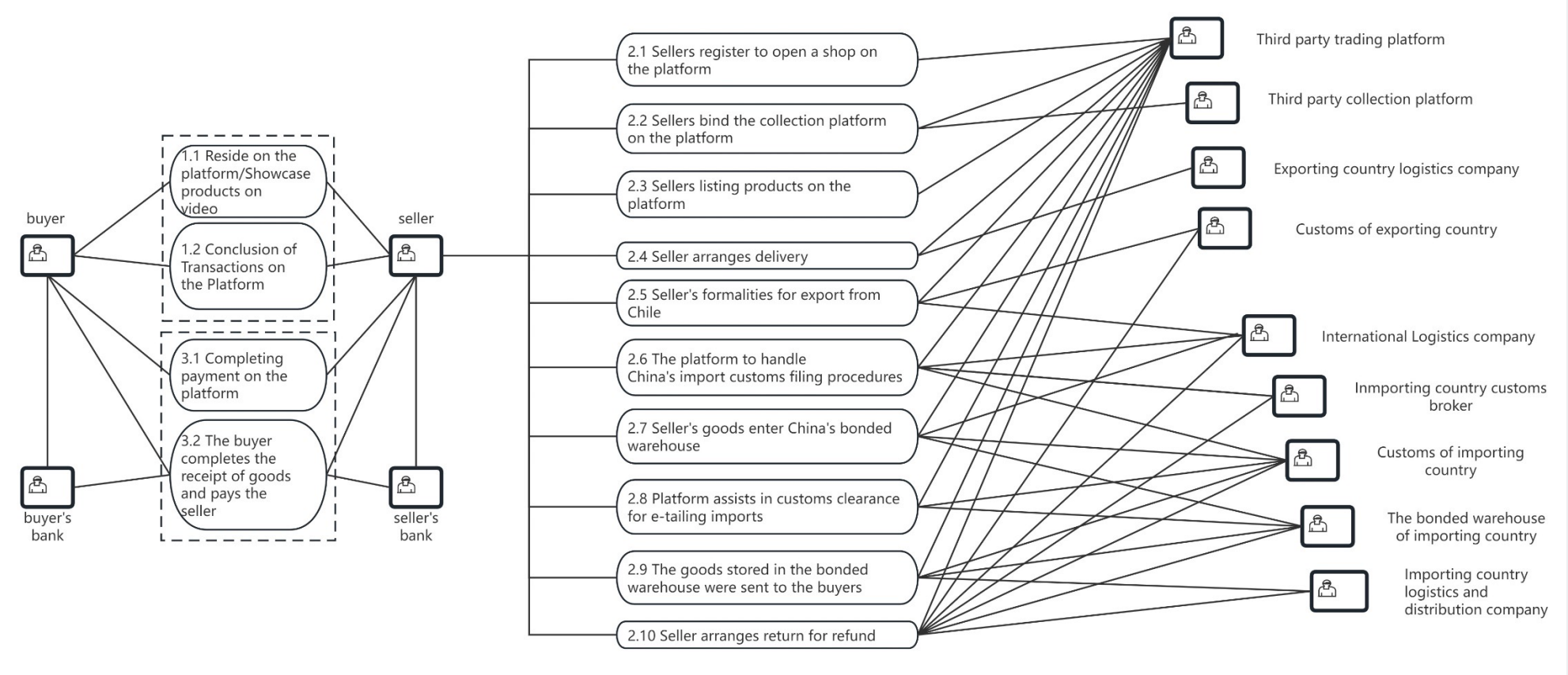
Why not working?

- There are so many barriers for SMEs to complete a journey from production to final export through cross-border e-commerce.
- For traditional trade, OECD lists out **47 key barriers** which can be further divided into INTERNAL and EXTERNAL barriers.
- Cross-border e-commerce may soften these barriers but could not remove the barriers.



Cross-border e-commerce itself involves complicated procedures: Export process of food product from Chile to China



Detailed activities of the procedure Conclusion of transactions on the platform

1.2.1 The seller's goods on the platform should include the following information: news about the seller's shop, a description of the goods' quality, information on their origin, measurements, prices, service conditions, payment methods, shipping costs, and any special trading instructions.

1.2.2 The platform reviews and approves the transaction offer submitted by the seller. If the offer complies with the platform's commodity trading rules and relevant laws and regulations, the platform displays the seller's commodity information and transaction conditions. The buyer can also view the seller's offer information through the platform.

1.2.3 The buyer logs into their platform account, accesses the platform, and views the seller's transaction offer information displayed on the platform webpage. They can then select the commodities that meet their own conditions and choose their required transaction conditions, such as the transaction quantity, service mode, and delivery location on the platform.

1.2.4 The buyer confirms their choice of transaction conditions on the platform and reviews the price of the goods and transaction conditions posted by the seller. Only after the buyer accepts the seller's transaction conditions, can they proceed to the next step of the transaction.

1.2.5 Once the buyer and seller have agreed on the trading conditions of the goods, such as price, quantity, shipping method, and delivery location, the platform webpage will generate an online contract and send the order payment information to the buyer.

1.2.6 Upon receiving the order information on the platform, the buyer is required to confirm the basic information before proceeding with the payment. Payment can be completed online using payment tools such as Alipay, WeChat, or bank cards that are linked to the platform.

1.2.7 After receiving notification from the platform that the buyer has completed payment for the order, the seller should begin preparing for the delivery of the goods. Once the goods have been delivered, the seller should promptly upload the courier logistics number or other documents that prove shipment on the platform's transaction web page. The buyer can also track the order's progress through the platform.

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How can ESCAP support the policymakers and SMEs?

- Online training including a webinar on 28 March and live session on 17 April 2024



Professor Jian Wang
A leading researcher behind China's e-commerce law



Sami Farhad, Advisor to the Alibaba Group and a sherpa of the UN Secretary General's High Level Panel on Digital Cooperation



Susana Munoz Enriquez, Co-founder Latin e-Mart Ltd, rich experience of working in different business projects for Mexican and Chinese multinationals and business



Chandimal Kalusinghe, Business Development Manager at based in Chile, Brazil and China

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