E-Commerce: Global trends and developments

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Please have a look at the eTrade for All Online Survey:

HTTPS://WWW.SURVEYMONKEY.COM/R/ETRADEFORALL_ITD_ESCAP
WHAT IS E-COMMERCE?

• OECD definition of an e-commerce transaction: “...the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders”.
  – Payment and delivery do not have to be conducted online.
  – Orders made by telephone calls, fax or manually typed e-mail excluded

• Business-to-business (B2B)
  – Online sales between enterprises, including linked to outsourcing and offshoring.
  – Online presence needed for SMEs to participate in value chains.

• Business-to-consumer (B2C)
  – Involves sales by "pure play" e-commerce enterprises and traditional bricks-and-mortar firms adding online sales channels.
  – Many ways to reach consumers: social networks, crowdsourcing, e-commerce websites, mobile applications.

• Consumer-to-consumer (C2C): e.g. eBay and Taobao

• Government-to-business (G2B): e.g. e-procurement
E-commerce and E-trade

• OECD definition or an e-commerce transaction:
  – “...the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders”.
  – Payment and delivery do not have to be conducted online.

• WTO definition of e-commerce for its work programme
  – “the production, distribution, marketing, sale or delivery of goods and services by electronic means”.

• Moratorium:
  – "not imposing customs duties on electronic transmissions"
E-Commerce, Trade and Development

- Only at the beginning of the digital era
- Goods and services increasingly traded online
- E-commerce is crucial for SMEs (B2B and B2C) to
  - access new markets (domestic and exports)
  - participate in value chains
- Expanding opportunities as a result of:
  - Improved ICT connectivity
  - New e-commerce platforms and solutions
  - Rise of new e-commerce companies in developing countries
- Transformational → both opportunities and challenges
E-commerce and WTO

• E-Commerce work programme since 1998 - several WTO agreements concerned
  – Councils for Trade in Goods, Services and IPRs
  – Committee on Trade and Development
• Bali Ministerial Decision (2013) :
  – Renewal of moratorium
  – Trade Facilitation Agreement
• Better data on cross-border e-commerce are needed
  – Work started between WTO, UPU and UNCTAD
• Need for understanding of implications of e-commerce
## MAJOR E-COMMERCE MARKETS: 2015

**New UNCTAD estimates**

<table>
<thead>
<tr>
<th>Economy</th>
<th>Total $ billion</th>
<th>% of GDP</th>
<th>Total B2B $ billion</th>
<th>% of all e-commerce</th>
<th>Total B2C $ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>7,055</td>
<td>39%</td>
<td>6,443</td>
<td>91%</td>
<td>612</td>
</tr>
<tr>
<td>Japan</td>
<td>2,495</td>
<td>60%</td>
<td>2,382</td>
<td>96%</td>
<td>114</td>
</tr>
<tr>
<td>China</td>
<td>1,991</td>
<td>18%</td>
<td>1,374</td>
<td>69%</td>
<td>617</td>
</tr>
<tr>
<td>Korea (Rep.)</td>
<td>1,161</td>
<td>84%</td>
<td>1,113</td>
<td>96%</td>
<td>48</td>
</tr>
<tr>
<td>Germany (2014)</td>
<td>1,037</td>
<td>27%</td>
<td>944</td>
<td>91%</td>
<td>93</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>845</td>
<td>30%</td>
<td>645</td>
<td>76%</td>
<td>200</td>
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<tr>
<td>France (2014)</td>
<td>661</td>
<td>23%</td>
<td>588</td>
<td>89%</td>
<td>73</td>
</tr>
<tr>
<td>Canada (2014)</td>
<td>470</td>
<td>26%</td>
<td>422</td>
<td>90%</td>
<td>48</td>
</tr>
<tr>
<td>Spain</td>
<td>242</td>
<td>20%</td>
<td>217</td>
<td>90%</td>
<td>25</td>
</tr>
<tr>
<td>Australia</td>
<td>216</td>
<td>16%</td>
<td>188</td>
<td>87%</td>
<td>28</td>
</tr>
<tr>
<td>10 above</td>
<td>16,174</td>
<td>34%</td>
<td>14,317</td>
<td>89%</td>
<td>1,857</td>
</tr>
<tr>
<td>World</td>
<td>25,293</td>
<td></td>
<td>22,389</td>
<td></td>
<td>2,904</td>
</tr>
</tbody>
</table>

Note: Figures in italics are estimates. Missing data were estimated based on average ratios. Converted to $ using annual average exchange rate.

Source: UNCTAD, adapted from US Census Bureau; Japan Ministry of Economy, Trade and Industry; China Bureau of Statistics; KOSTAT (Republic of Korea); EUROSTAT (for Germany); UK Office of National Statistics; INSEE (France); Statistics Canada; Australian Bureau of Statistics and INE (Spain).
B2C E-COMMERCE GROWING FAST especially in developing countries

B2C e-commerce sales, by region, 2013 and 2018 ($ billions)

Source: eMarketer, July 2014.
IT TAKES MORE THAN INTERNET ACCESS…

Share of Internet users involved in buying online and social networking, selected countries, 2015

Source: UNCTAD, based on ITU data and other sources
DOMESTIC vs CROSS-BORDER E-COMMERCE

- Domestic transactions dominate in developed countries
  - Canada: 80% domestic; 15% to US; 5% to rest of the world
  - Japan: 82% domestic
  - Republic of Korea: 75% domestic
- Different picture in some developing countries
  - In India and Singapore: >50% are cross-border
  - In Colombia, Paraguay and Venezuela, cross-border trade accounts for the bulk of e-commerce
- For many, no data is available...

Source: UNCTAD, based on Payvision, national and other sources.
DIGITAL ECONOMY IMPLICATIONS

- More activities conducted online
- New business models
- New market places
- New products and services
- New competition
- Changing skills requirements
- Need for new or revised laws and regulations, e.g.
  - Data protection and privacy
  - Consumer protection online
  - Cybercrime
## Digitalization is Transformational

### Opportunities
- Lower transaction costs
- Improved market access - domestically and internationally
- Lower delivery costs (digitally provided)
- Opportunities for entrepreneurship and innovation
- Rural development
- Greater consumer choice
- Overcome barriers to growth

### Challenges
- Economic barriers
  - Infrastructure weaknesses
  - Limited purchasing power
  - Payments
  - Risk of market dominance
- Socio-economic barriers
  - Legal frameworks
  - Cultural preferences
- Cognitive barriers
  - Awareness and knowledge
  - Low levels of e-literacy
Regional average values in UNCTAD B2C E-Commerce Index 2016

- Developed economies
- Western Asia
- World
- Transition economies
- Latin America and the Caribbean
- South, East and South-East developing Asia
- Africa

Average index value

Source: UNCTAD.
E-COMMERCE READINESS BY FACTOR

...and e-commerce divide is huge

Source: UNCTAD, based on various sources.
ASEAN countries in UNCTAD B2C E-Commerce Index 2016
(Rank in parenthesis)

- Singapore (23)
- Malaysia (44)
- Thailand (69)
- Viet Nam (75)
- Philippines (89)
- Indonesia (93)
- Lao PDR (115)
- Cambodia (119)
- Myanmar (133)
### E-Commerce Legislation in ASEAN

<table>
<thead>
<tr>
<th></th>
<th>E-Transaction</th>
<th>Consumer Protection</th>
<th>Data Protection and Privacy</th>
<th>Cybercrime</th>
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<tbody>
<tr>
<td>Brunei Darussalam</td>
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<td>Cambodia</td>
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BARRIERS TO E-COMMERCE UPTAKE

Urgent need for capacity-building and assistance

- Limited use of the Internet among businesses and consumers
- Lack of awareness
- Insufficient access to affordable ICT infrastructure
- Inadequate trade logistics and facilitation
- Lack of security and trust in online transactions
- Inadequate online payment facilities
- Lack of trade finance
- Limited e-commerce skills among enterprises
- Absence of statistical data on e-commerce
- Weak legal and regulatory frameworks
IMPLICATIONS FOR ASIAN COUNTRIES

• Identify potential sectors (goods or services) for domestic and cross-border e-commerce

• Increase e-commerce readiness:
  – Improve access to affordable ICT infrastructure
  – Improve availability of relevant statistics to inform policy
  – Adapt logistics and trade facilitation to e-commerce
  – Improve legal and regulatory environment
  – Facilitate online and mobile payment solutions
  – Build skills in MSMEs and enhance their access to financing
  – Rapid country assessments in LDCs - new tool
UNCTAD and E-Commerce

- Information Economy Report
- E-Commerce and Law Reform
  - ASEAN and selected countries
- ICT Policy Reviews
  - E-commerce strategy development
- Measuring E-Commerce
  - Discussions with Thailand, ETDA
- eTrade for All
UNCTAD Study on ASEAN E-Commerce Legislation

• ASEAN cyberlaws development:
  – *Soft agreement* approach: harmonization by agreeing on common principles and frameworks.
  – Part of efforts to promote ASEAN businesses’ participation in regional/global market and supply chain.
  – Growing priority through free trade negotiations with ASEAN dialogue partners.
  – Domestic challenge: e-commerce development spans across many national agencies.
Key recommendations

- Address remaining regulatory gaps among member states
- Build capacity for law enforcement agencies - opportunity for regional and bilateral assistance
- Strengthen cross-border harmonization: cybercrime, consumer protection, e-signatures
- Adopt pieces e-payment regulations where missing
- Determine how e-commerce should be handled in the ASEAN Secretariat: Trade? Infrastructure?
CONCLUDING MESSAGE

- E-commerce can be a driver of inclusive growth and sustainable development
- More capacity-building to reduce gaps and enhance countries' e-commerce readiness
- Several international forums available
  - UNCTAD Intergovernmental Group of Experts on E-commerce and Digital Economy (4-6 October 2017); UNCTAD E-commerce Week
  - World Summit on the Information Society Forum
  - Various OECD bodies
  - WTO Global Aid for Trade Review
- Better data and monitoring needed
- Get partners on board!
Thank you!