

REGIONAL WORKSHOP ON LEAST DEVELOPED COUNTRIES AND LEVERAGING TRADE AS A MEANS OF IMPLEMENTATION FOR THE 2030 AGENDA

Session 7: Trade in the digital era: technology, innovation, e-commerce

2-4 August 2017

Thimphu, Bhutan

Rajan Sudesh Ratna

Economic Affairs Officer

Trade, Investment and Innovation Division

UN ESCAP, Bangkok

Email: ratna@un.org



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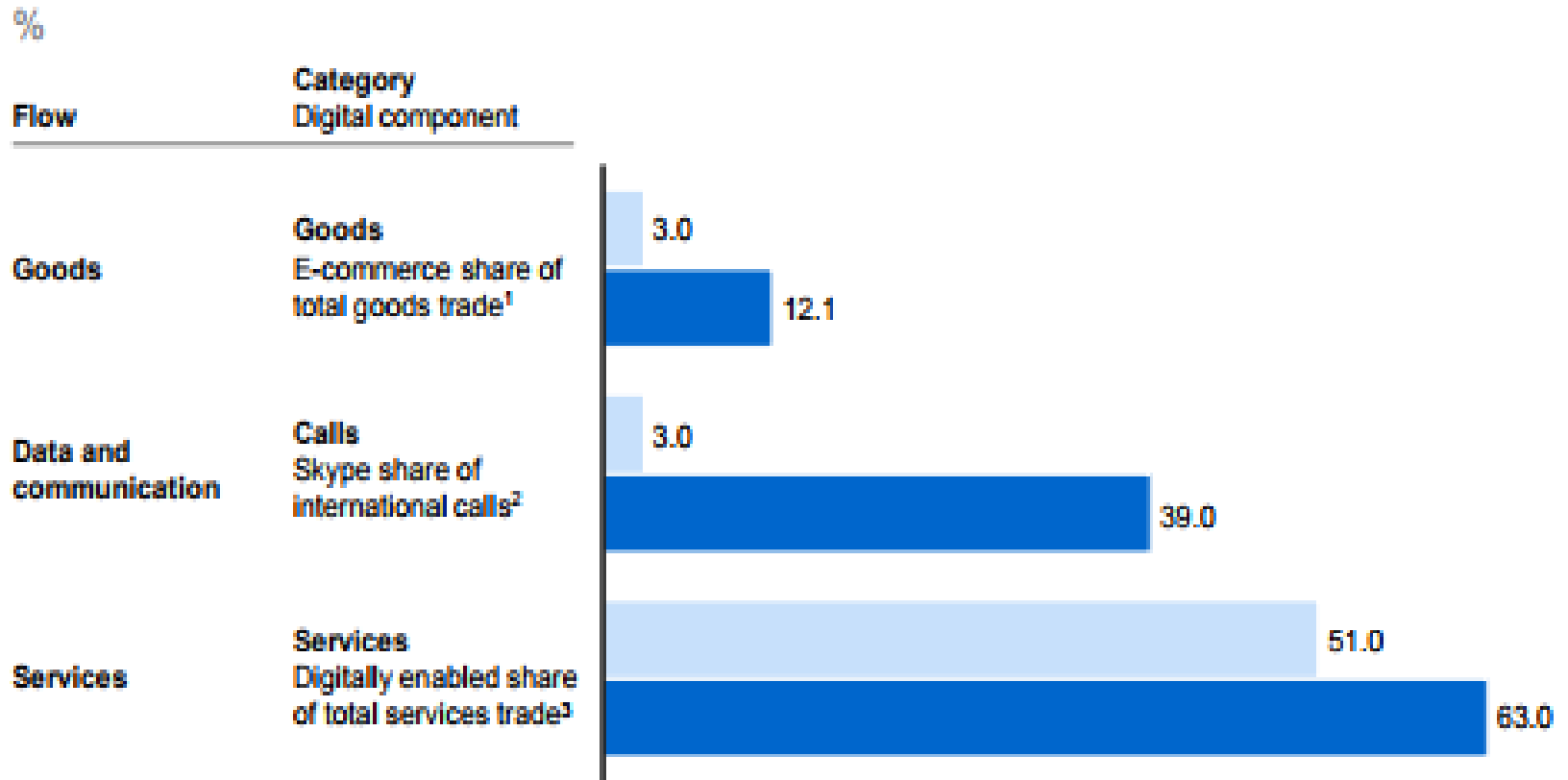
Digitization, Digitalization and Digital Applications

- A large part of the digital marketing activities owes its foundations in the process of **Digitisation**. The term digitisation is often used when diverse forms of information, such as text, sound, image or voice, are converted into a single binary code (they exist as one of two digits, either 0 or 1)
- As digitisation started making its presence felt, more and more organisations started digitising their contents. Industries like publishing, entertainment (particularly, music and film), hospitals etc. started digitising their content. This ensured security, easy access and proper storage of data. Eventually, the process of digitisation became predominant and today's organisations cannot even imagine creating non-digitised content.
- Alongside digitising content, organisations also started using the platform for more dynamic set of activities. For instance, in the music industry a lot of content created before digitisation was converted into the new digitised storage device. In addition, a lot of new music being created was using technology that saw better sound quality, better management of acoustics and better management. The process was dynamic and led to increase in overall efficiency

Digitisation is transforming all flows and expanding opportunities for smaller players

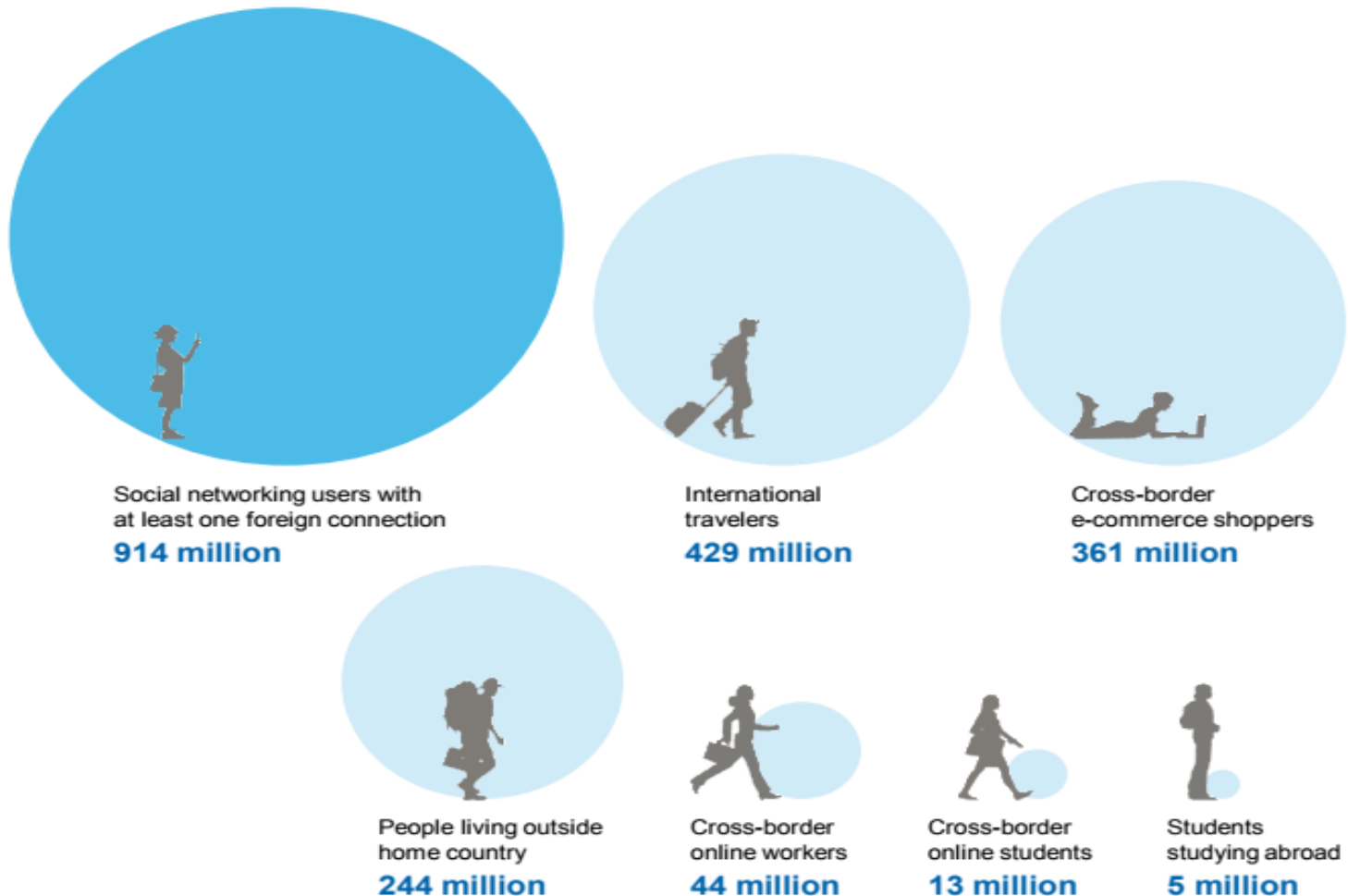
The digital component of global flows is growing quickly

Share of selected cross-border flows that are digital



Source: McKinsey Global Institute

Individuals are participating in globalization eventually leading to trade implications



Source: McKinsey Global Institute

Pakistani Bridal Sharara

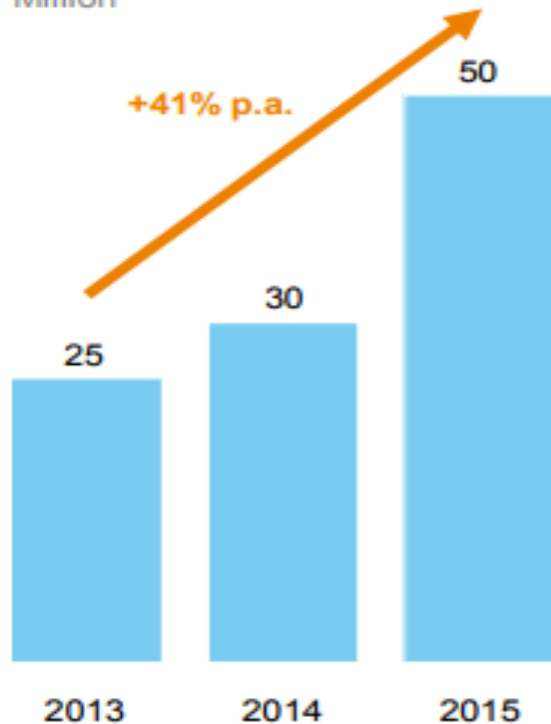


Supply side perspective

50 million SMEs use Facebook to find customers, and 30 percent of their fans are from other countries

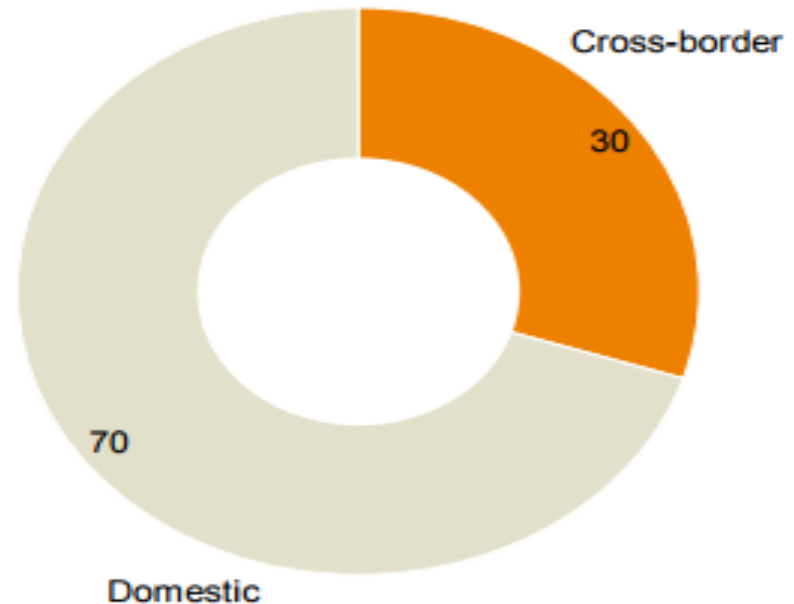
Estimated number of SME pages on Facebook

Million



Share of SME fans that are cross-border

%

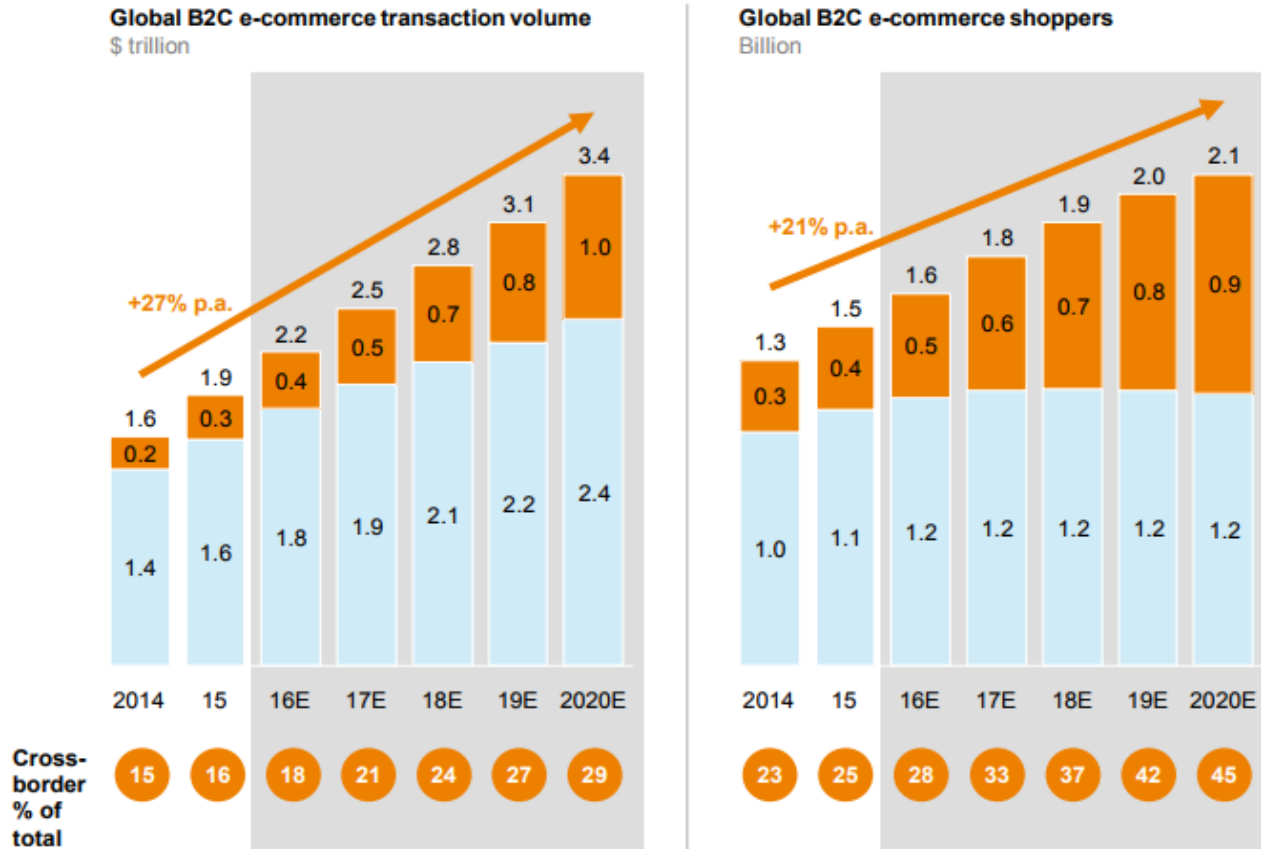


Source: McKinsey Global Institute

Demand side perspective

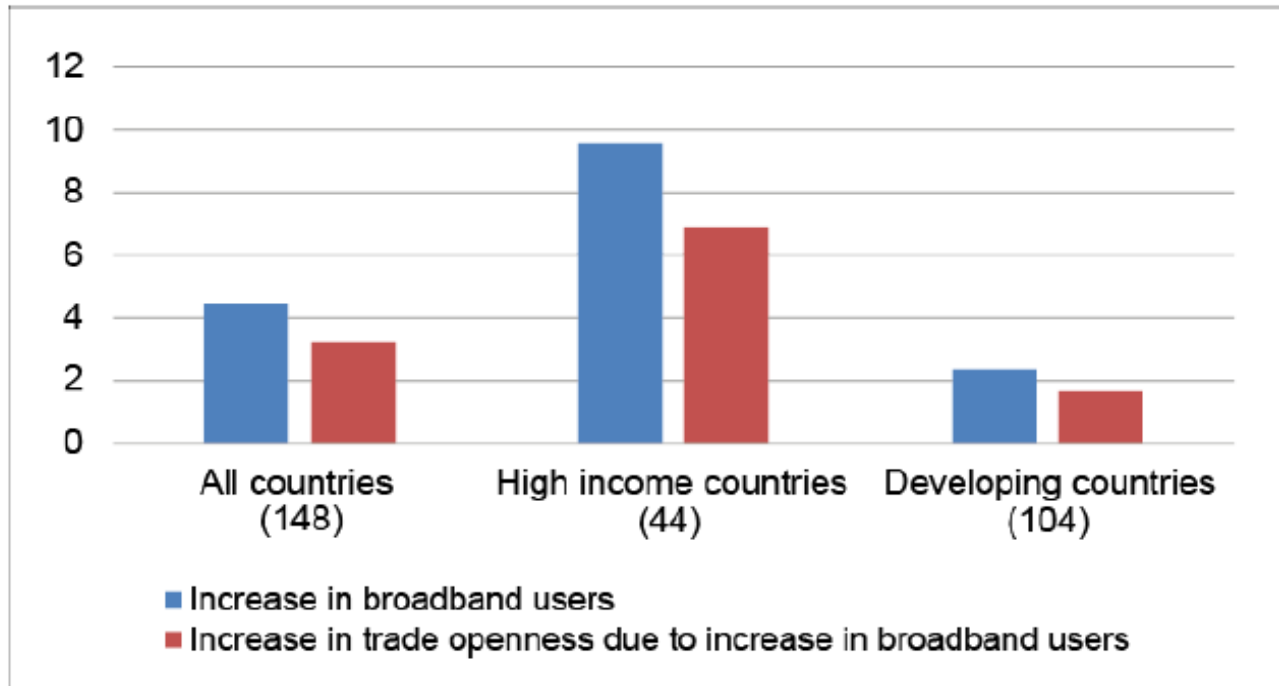
By 2020, some 940 million online shoppers are expected to spend almost \$1 trillion on cross-border e-commerce transactions

■ Cross-border
 ■ Domestic
 ■ Forecast



Source: McKinsey Global Institute

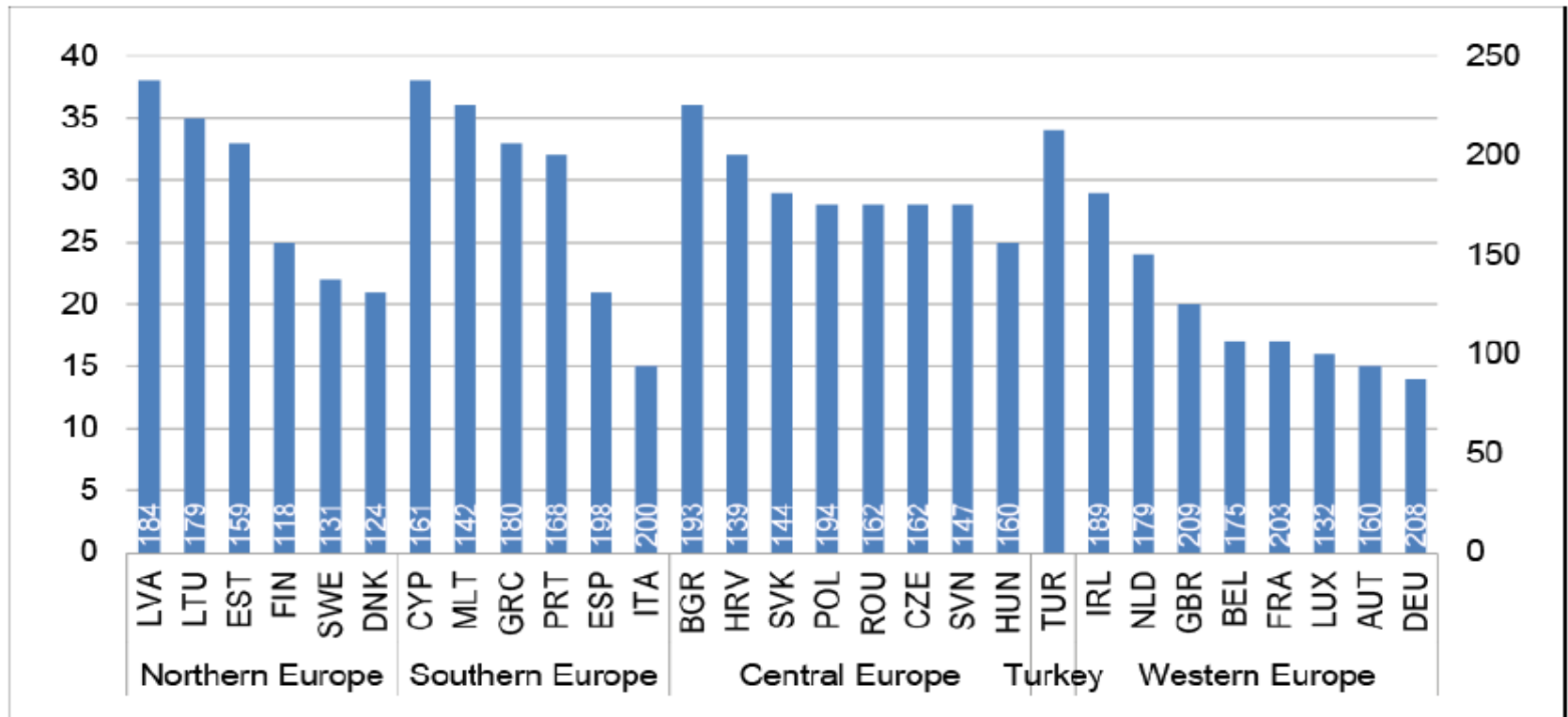
Trade Openness- Can be increased by the rise of broadband users



Source:
ADB Working Paper Series
DIGITAL TRADE IN EUROPE AND CENTRAL ASIA Shawn W. Tan No. 751

E-commerce is transforming sales to both domestic and foreign consumers

Commercial Sellers on eBay in ECA are Able to Reach an Average of 27 Export Destinations

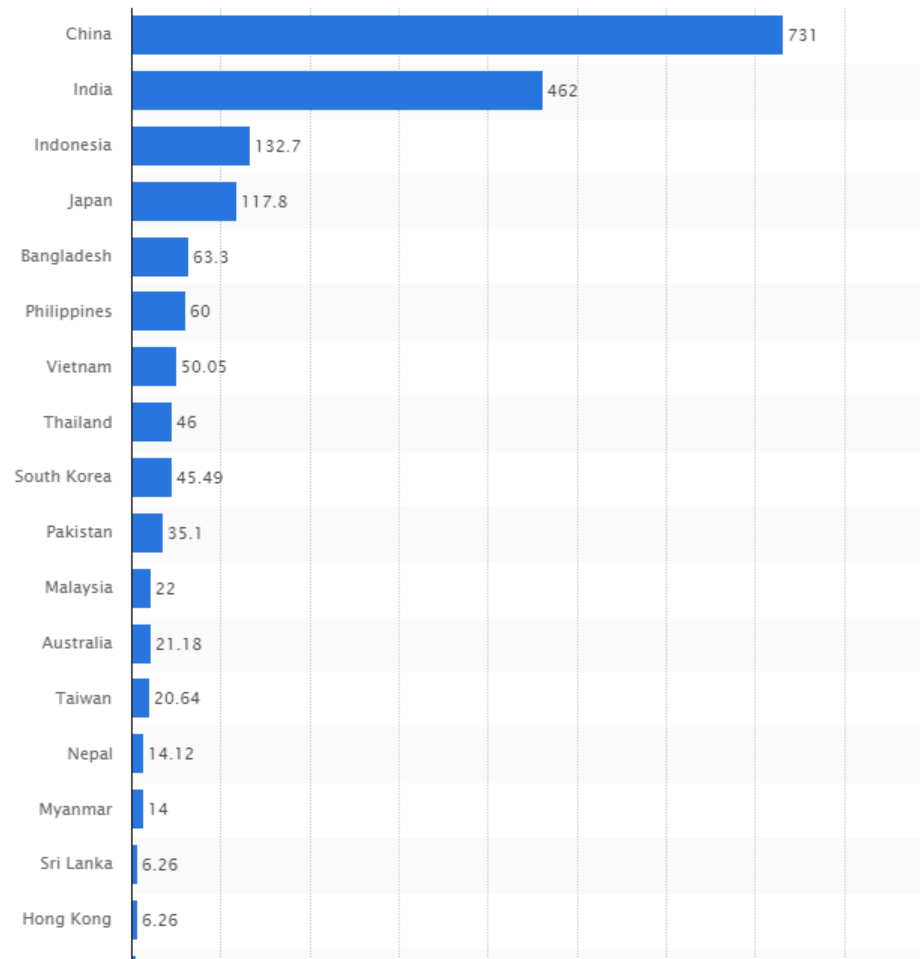


Source: ADBI Working Paper Series
DIGITAL TRADE IN EUROPE AND CENTRAL ASIA
Shawn W. Tan
No. 751

Digital Trade in the Asia-Pacific region

- **Rapid spread of internet access**
- **Growing culture of e-Commerce**
- **High proportion of SMEs**
- **Understanding sectors and implications**
 - **Healthcare**
 - **Education**
 - **Retail**
 - **Media and entertainment**
 - **E-commerce related**

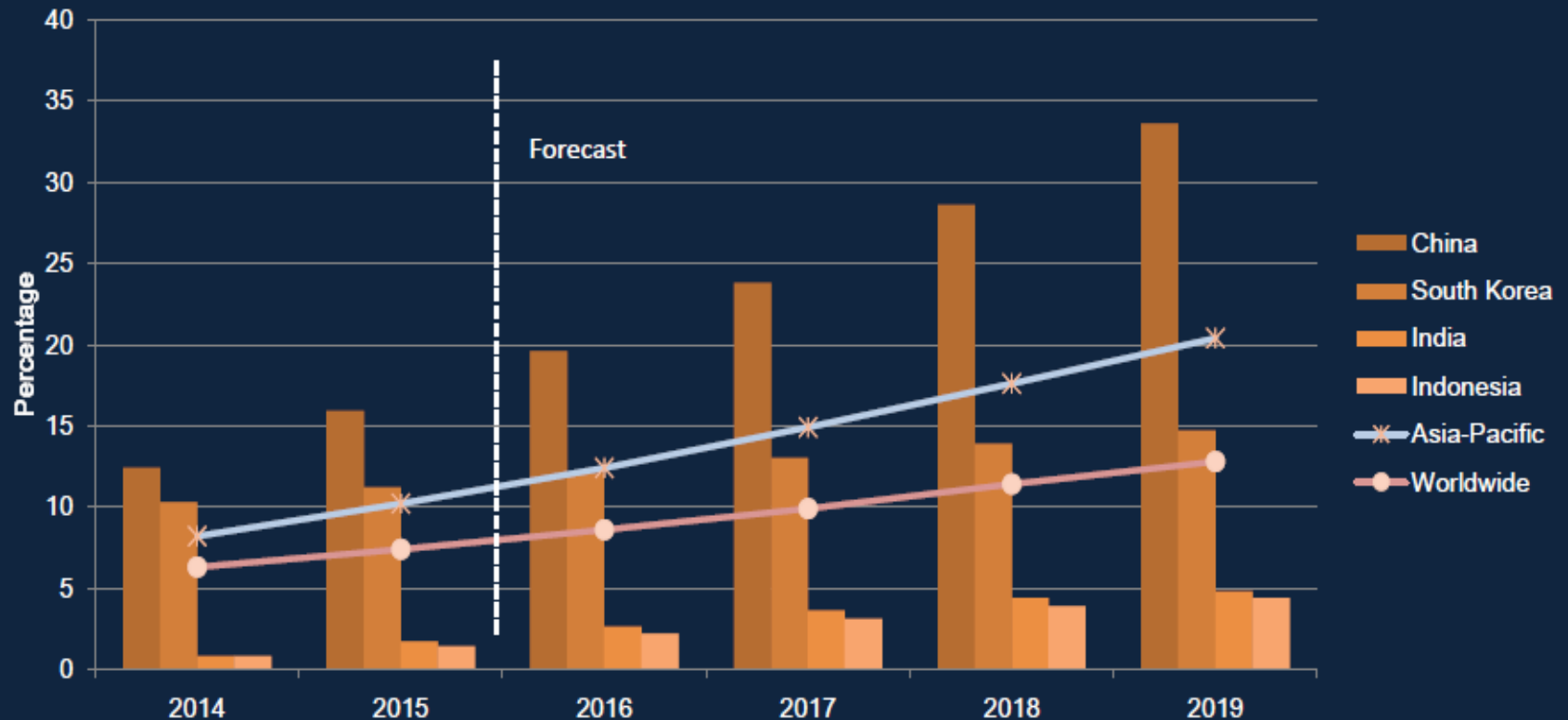
Number of internet users in the Asia Pacific region as of January 2017, by country (in millions)



Source:
<https://www.statista.com/statistics/265153/number-of-internet-users-in-the-asia-pacific-region/>

Retail Trade in the Asia-Pacific region - Growing culture of e-Commerce

Retail Ecommerce Sales as a Percent of Total Retail Sales in Select Countries in Asia-Pacific and Worldwide, 2014 - 2019

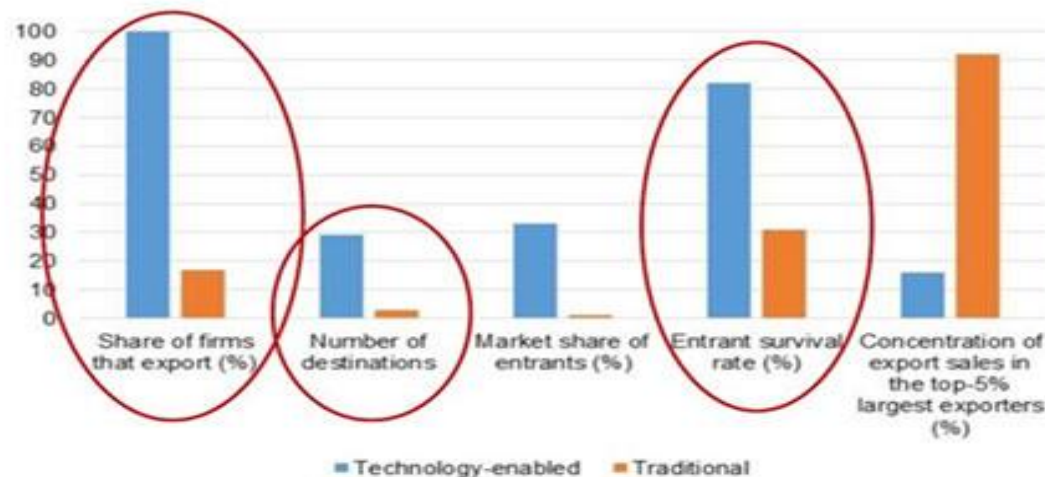


Source: https://www.itu.int/net4/wsis/forum/2016/Content/AgendaFiles/document/ef6eeafe-0ccd-46cd-9c0f-db87fe80fa1f/UN_ESCAP_presentation_Heal.pdf

High proportion of SMEs

Exporters using e-trade outperform traditional exporters, especially SMEs

Export Participation and Performance of Chilean eBay Sellers vs. Traditional SMEs




Source: <http://blogs.worldbank.org/trade/policy-framework-two-types-e-trade>

Secure | <https://www.amazon.com>



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Xbox 360

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Deals

Video Games > PlayStation 4 > Consoles

PlayStation 4 Pro 1TB Console

Sony

★★★★★

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565 answered questions


Rated: Rating Pending

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Edition:

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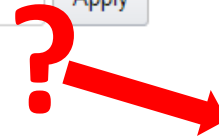
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Roll over image to zoom in

Sony PS4 1 TB Slim Console (Free Games: The Last of Us, Uncharted Collection and Infamous Second Son)

Sony

Platform : PlayStation 4

★★★★★ 46 customer reviews

M.R.P.: ₹32,990.00

Price: ₹ 31,647.00 **3** fulfilled **FREE**

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Cross-border e-commerce & paperless trade

- **E-marketplaces brings buyers and sellers together, making contract/commercial procedures easier.**
- **But goods still need to be transported to buyers, goods still need to be paid for, and regulations still need to be complied with.**
- **... all of which typically involve a lot of paperwork acting as a barrier to cross-border e-commerce development.**

Paperless Trade?

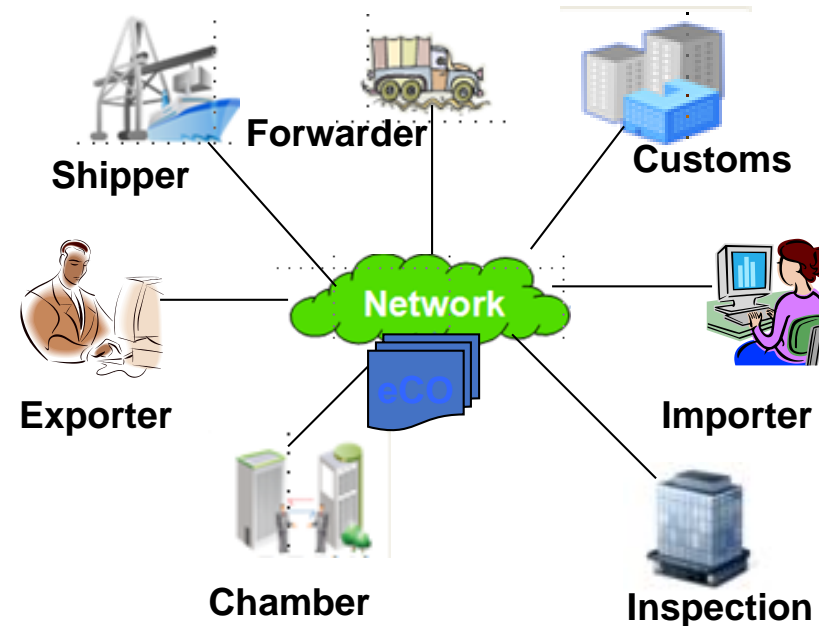
■ Paperless Trade

Conduct of trade activities on the basis of electronic rather than paper documents *e.g. electronic Customs declaration, electronic cert. of origin*

(application of e-commerce to international trade domain)

■ Paperless Trade Systems

Legal/regulatory and technical frameworks in which paperless trade transactions take place *e.g. electronic Single Window facility, e-port management systems, Framework Act on Electronic Transaction (in RoK)*



Benefits of Paperless Trade

Government

Effective & Efficient
Deployment of
Resources

Correct
Revenue
Yield

Improved
Trader
Compliance

Enhanced
Security

Increased
Integrity &
Transparency

Traders

Cutting Costs
through
Reducing Delays

Faster
Clearance &
Release

Predictable
Application and
Explanation of Rules

Effective & Efficient
Deployment of
Resources

Increased
Transparency

***Paperless
Trade***



Benefits of Cross-Border Paperless Trade

Estimating the Benefits of Cross-Border Paperless Trade



Date: Tuesday, June 24, 2014

Type: Books

ABSTRACT

This report estimates the possible economic benefits—export gains, and cost savings—from partial or full implementation of cross-border paperless trade facilitation measures. Simulation results suggest that cross-border paperless trade has significant potential to reduce trade costs and boost trade in the Asia-Pacific region. Moreover, there is every reason to believe that these are low-end estimates of the possible economic gains from reform, due to the way in which the simulations are set up on a technical level, and the fact that they focus on implementation of cross-border measures only. In reality, paperless trade is typically implemented on a broader basis, which would tend to increase the level of export gains and cost savings reported here.

DOWNLOAD:

Benefits of Cross-Border Paperless Trade
▼ [Download](#)

Annual regional export gains :

\$36 bn (for partial implementation) to \$257 bn (full implementation)

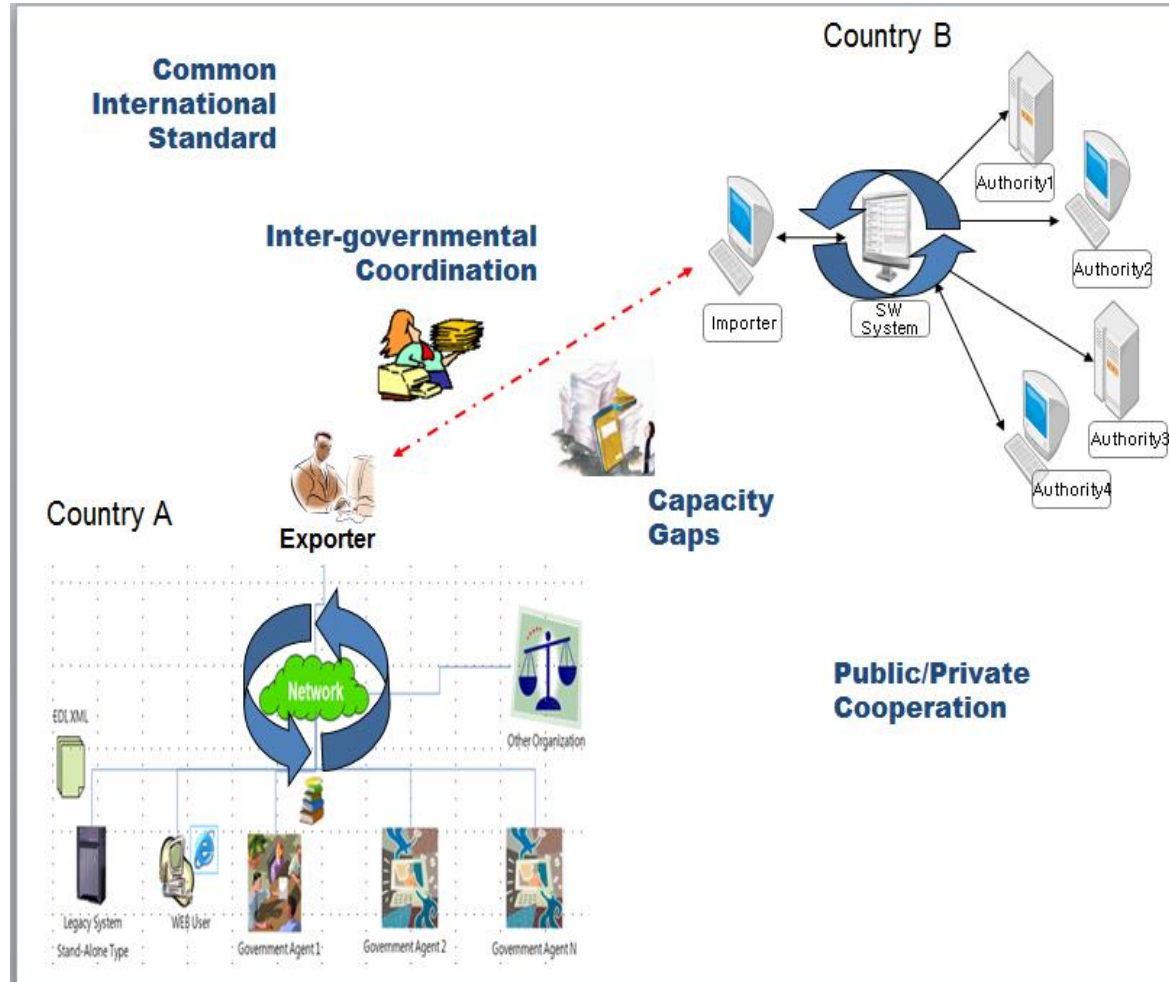
Export time reduction: 24% to 44%

Export cost reduction: 17% to 31%

Total direct cost savings across all trade: \$1bn to \$7bn annually

Challenges to moving forward on cross-border paperless trade

- **Adoption of common International Standards**
- **Harmonization of legal frameworks**
- **Capacity gaps among the parties (infrastructure & HR)**
- **Cooperation between public and private sectors**
- **Lack of intergovernmental coordination mechanism**



United Nations Regional Commissions

Global Survey on Trade Facilitation and Paperless Trade Implementation



The screenshot shows a web browser window with the URL <http://unnex.unescap.org/UNTFSurvey2015.asp>. The page features a header with the United Nations logo and the title "Global Survey on Trade Facilitation and Paperless Trade Implementation 2015". Below the header, there is a paragraph explaining the survey's purpose and a link to the questionnaire. The "Report and Data" section displays six globe icons representing different regions and the global report: Africa, Asia and the Pacific, Latin America and the Caribbean, Western Asia, Global Report, and Countries Report.

United Nations Regional Commissions

Global Survey on Trade Facilitation and Paperless Trade Implementation 2015

The United Nations Regional Commissions (UNRCs) including [ECA](#), [ECE](#), [ECLAC](#), [ESCAP](#) and [ESCWA](#), in collaboration with [UNCTAD](#), [OECD](#), [ITC](#), [OCQ](#) and [SELA](#), have conducted a global survey to collect relevant data and information on trade facilitation and paperless trade implementation in their respective member states. Outcomes of the survey are expected to enable the countries to better understand and monitor progress in trade facilitation, support evidence-based policy-making, and highlight the needs for capacity building and technical assistance.

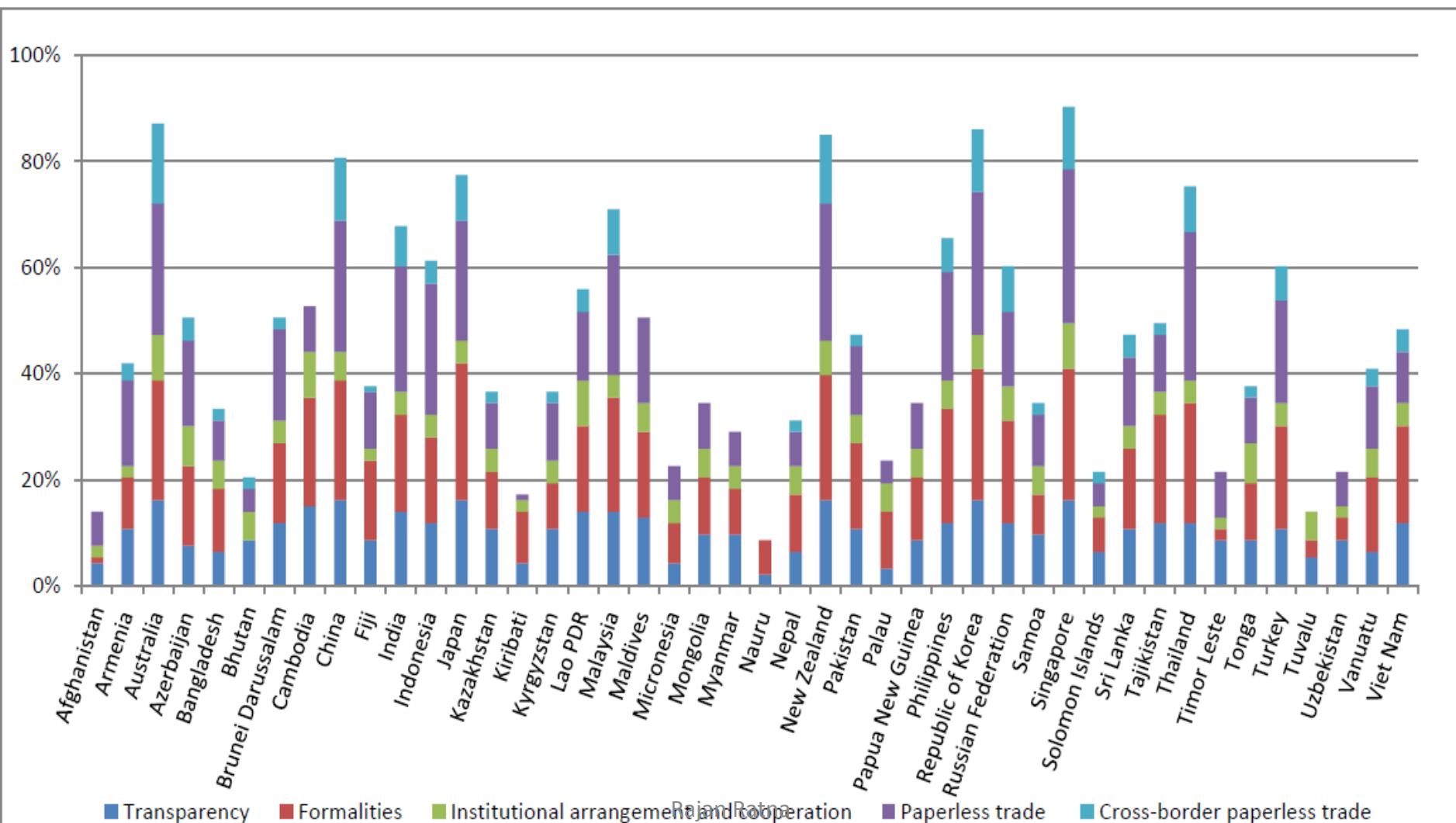
The global survey represents a key initiative under the framework of the Joint UNRC Approach to Trade Facilitation, agreed upon in Beirut, January 2010 to enable the five UNRCs to present a joint global view on key trade facilitation issues. The questionnaire for the global survey was jointly prepared and finalized by UNRCs and OECD and is available [here](#). The survey results and data collected are made available below.

Report and Data

-  Africa
-  Asia and the Pacific
-  Latin America and the Caribbean
-  Western Asia
-  Global Report
-  Countries Report

TF and Paperless Trade Implementation in Asia-Pacific: Survey Highlights

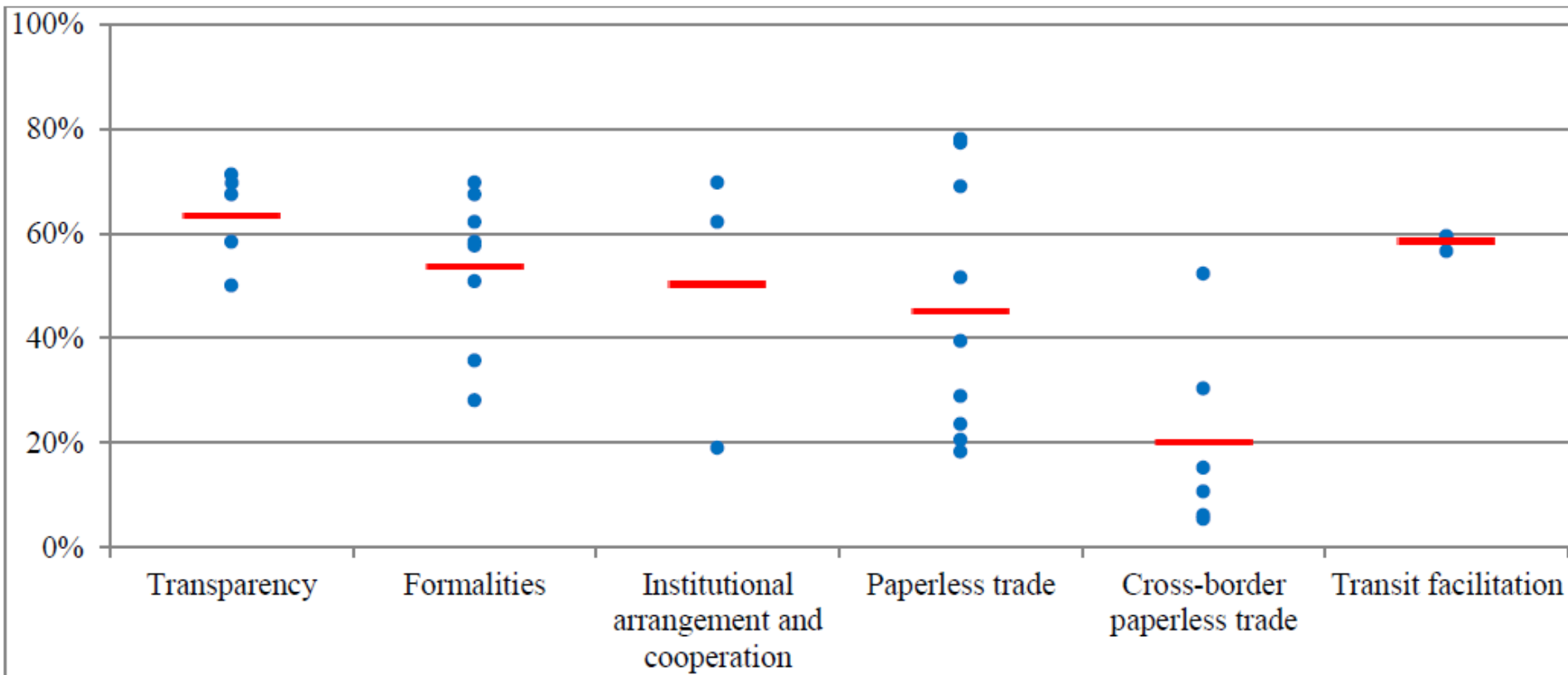
Implementation very heterogeneous across the region



TF and Paperless Trade Implementation in Asia-Pacific: Survey Highlights

Transparency measures most implemented;

Cross-border paperless trade measures least implemented



Note: Blue dots show regional average implementation level of individual measures within each group.
— Average regional implementation level by groups of measures.

Figure 12: State of implementation of “paperless trade” measures in Asia-Pacific economies (in %)

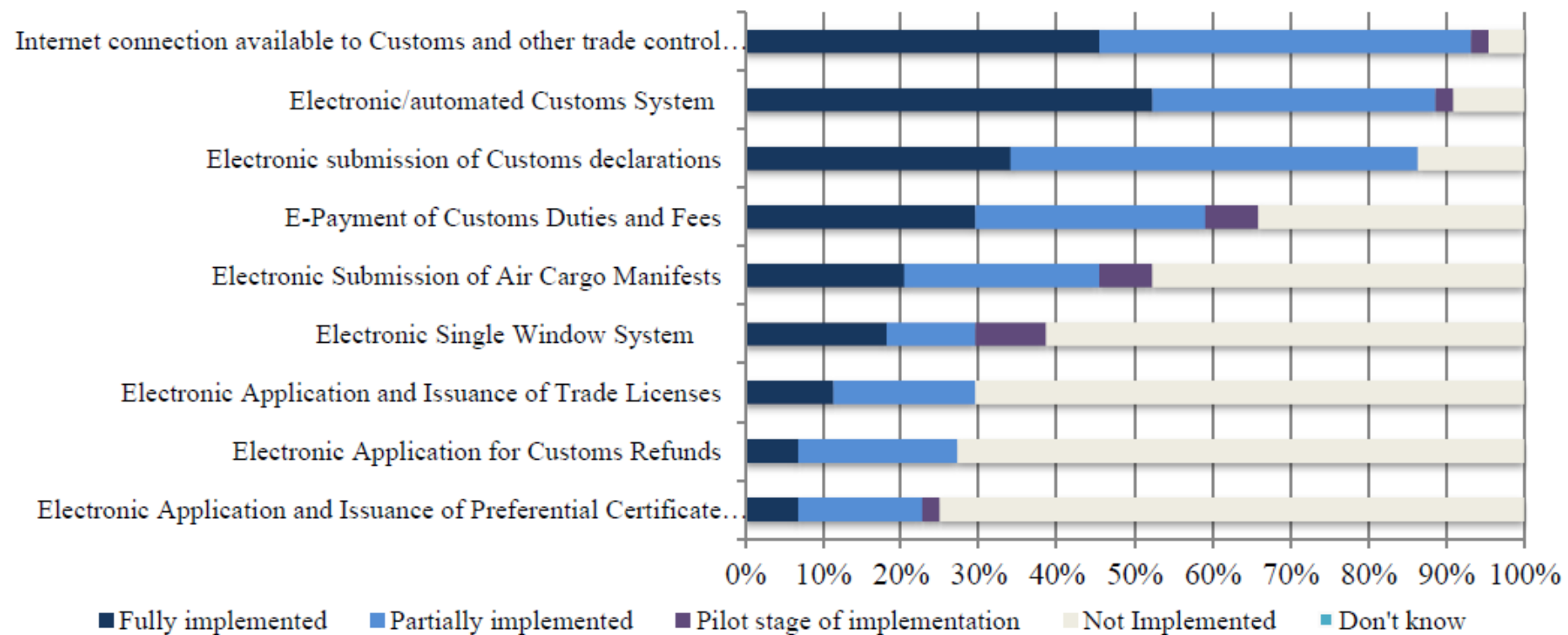
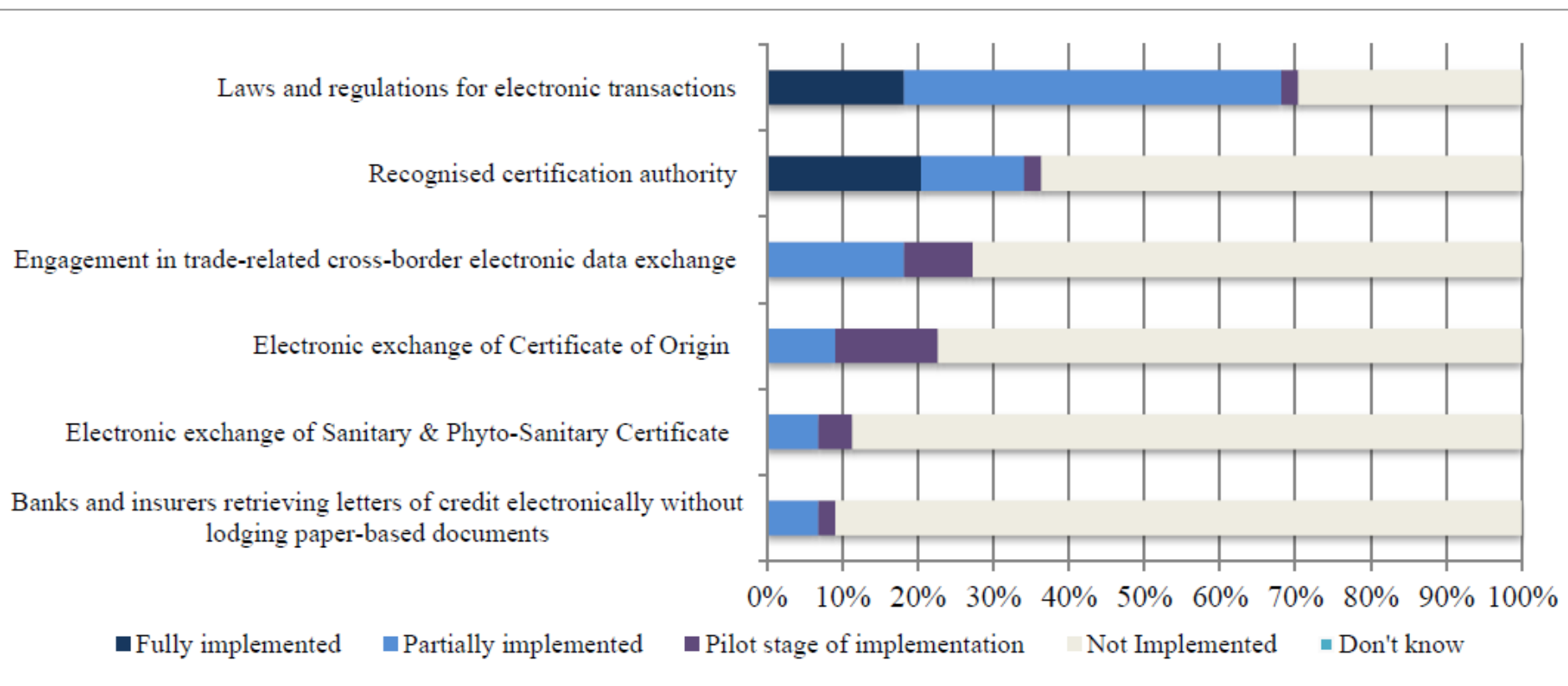


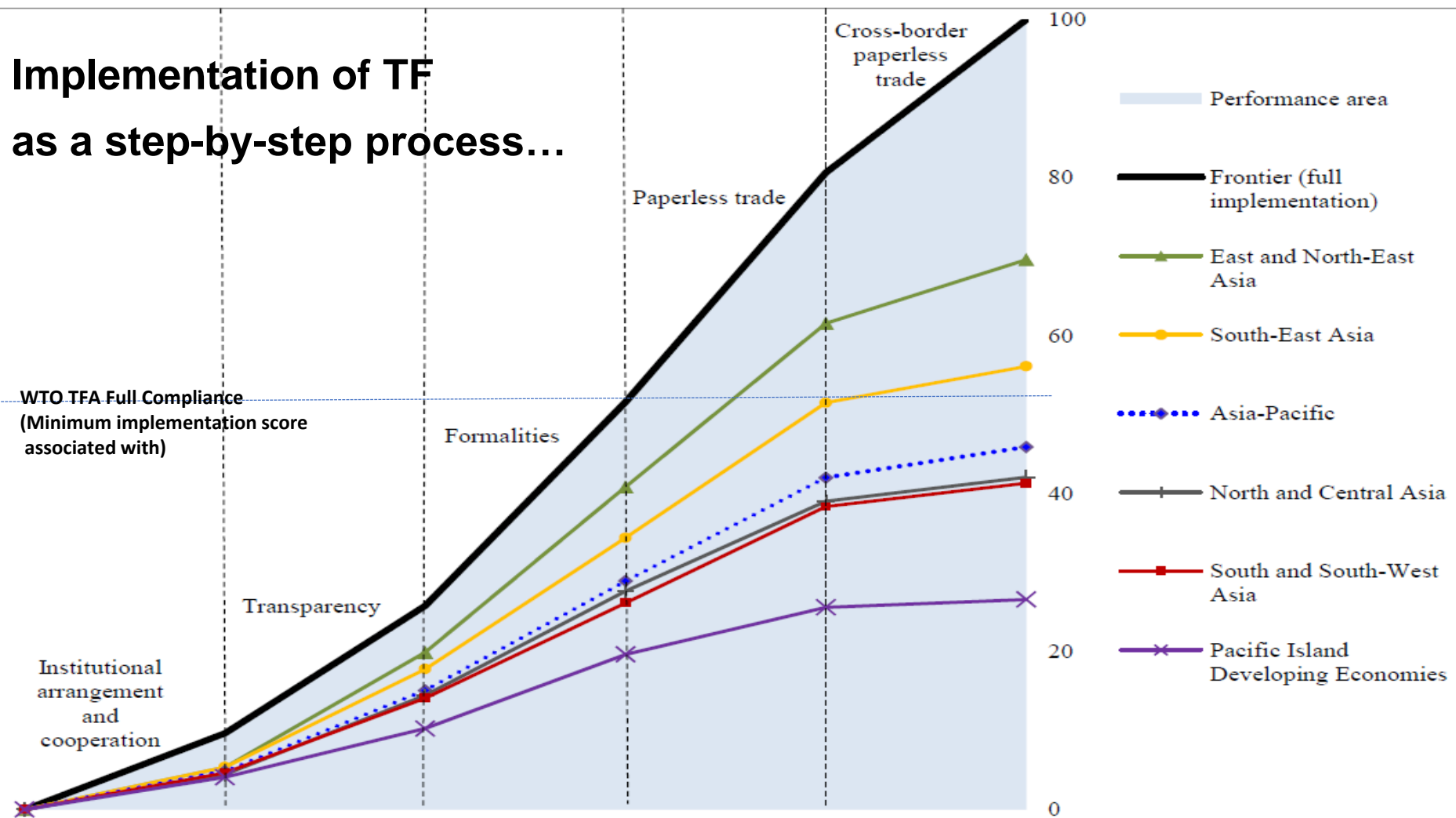
Figure 14: State of implementation of “cross-border paperless trade” measures in Asia-Pacific economies (in %)



Towards “Next Generation” TF [and cross-border e-commerce] in Asia-Pacific

Figure 20: Moving up the trade facilitation ladder towards seamless international supply chains

Implementation of TF as a step-by-step process...



Note: the figure shows cumulative trade facilitation implementation scores of Asia-Pacific sub-regions for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100. 29

Paperless trade coverage of RTAs

- Figure shows number of measures (out of 27) that are featured in each RTA
- Measures mainly found in **TF & Customs** chapters, and **e-commerce** chapters
- Regional findings:
 - TPP most far reaching
 - Rep. of Korea, USA, and Australia/N-Z leading
 - East Asia is leading subregion, followed by South-East Asia
 - RTAs of South and Central Asia are (far) behind; India as a leader

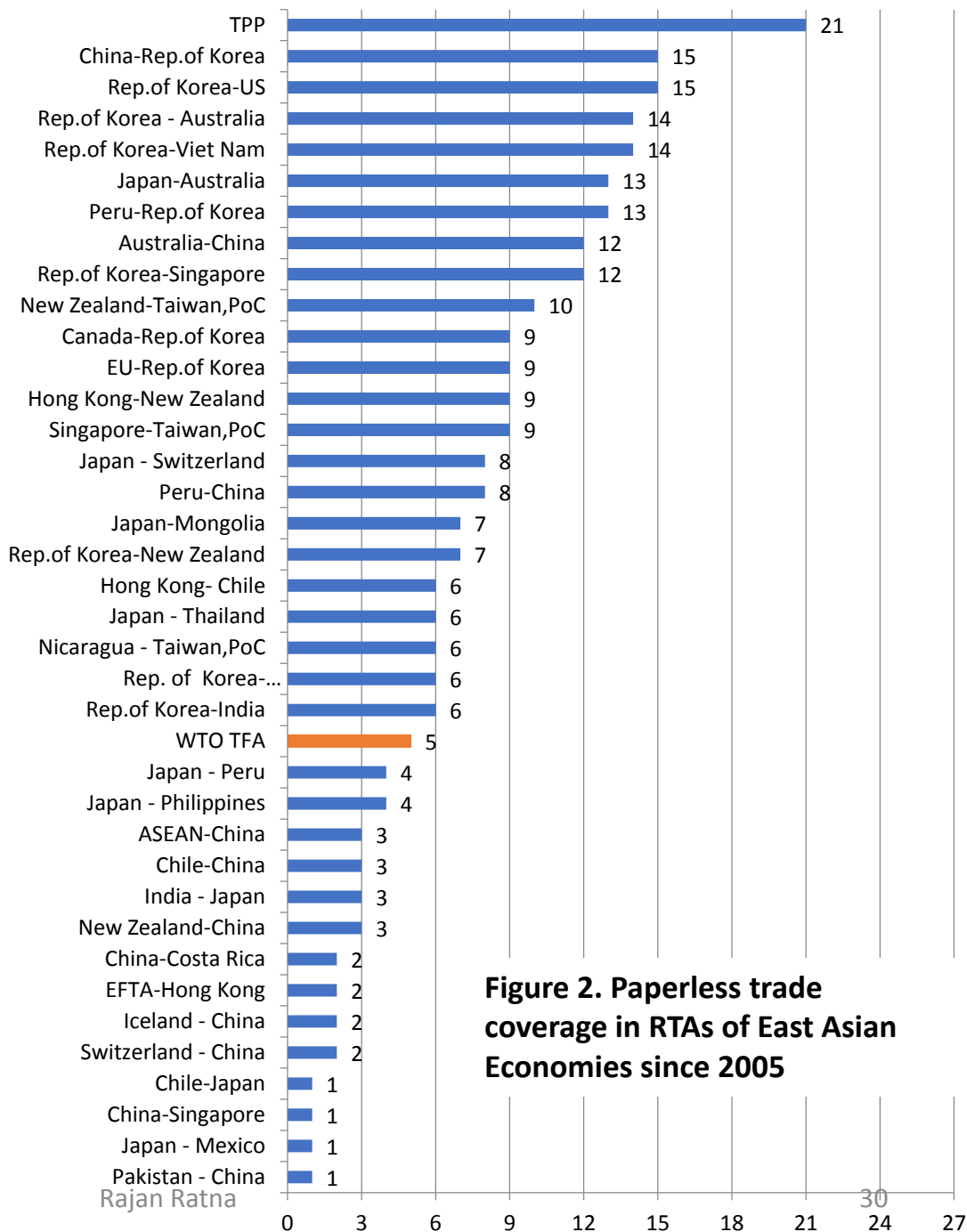


Figure 2. Paperless trade coverage in RTAs of East Asian Economies since 2005

Frequency of paperless trade measures in RTAs

- 90 of 138 RTAs (65%) contain at least one paperless trade measure
- 30 RTAs (22%) have a dedicated “*Paperless Trading*” or “*Paperless Trade Administration*” provision
- Wide diversity in the type of paperless trade measures included
 - “Single window” specifically mentioned in very few agreements





Launched at UNCTAD 14

“We welcome the formal unveiling of the eTrade for All initiative at UNCTAD XIV. It provides a new approach to trade development through electronic exchanges by allowing developing countries to more easily navigate the supply of technical assistance for building capacity in e-commerce readiness and for donors to get a clear picture of programmes that they could fund.”

Nairobi Azimio

Making Development Assistance Fit for Purpose

- **Multi-stakeholder initiative to:**
 - **raise awareness of e-commerce opportunities and challenges**
 - **mobilize financial and human resources for address challenges and constraints;**
 - **enhance transparency and strengthen synergies among partners providing assistance**

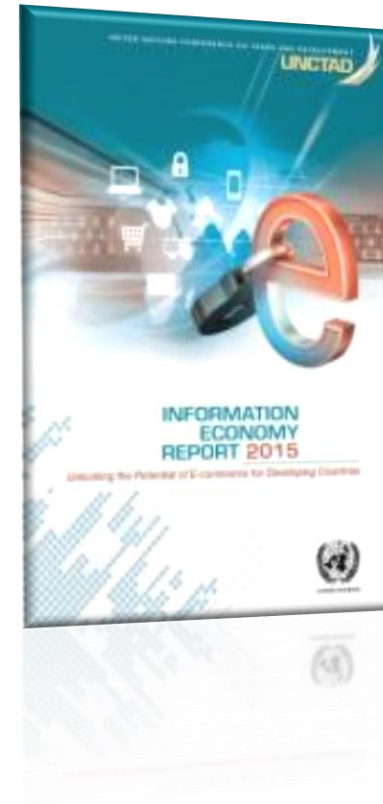
Link to Agenda 2030

- Empowerment of women as entrepreneurs and traders (5b).
- Support of productive activities, decent job creation, entrepreneurship, creativity and innovation, and the formalization and growth of MSMEs (8.3).
- Improved access of MSMEs to financial services (online and mobile payments) and their integration into value chains and markets (e.g. leveraging virtual marketplaces) (9.3).
- Increased exports from developing countries (17.11)



E-Trade for All

- Information Economy Report 2015
- Suominen, K. (2014). *Aid for eTrade: Accelerating the E-commerce Revolution in the Developing World*
- FES/UNCTAD workshop (February 2016)
 - Representatives from governments, e-commerce companies and international organizations
 - Produced a *Call for Action*



WTO and e-commerce

- At the Second Ministerial Conference in May 1998, ministers, recognizing that global electronic commerce was growing and creating new opportunities for trade, adopted the Declaration on Global Electronic Commerce. This called for the establishment of a work programme on e-commerce, which was adopted in September 1998. Periodic reviews of the programme are conducted by the General Council based on reports from the WTO bodies responsible for implementing the programme. Ministers also regularly consider the programme at the WTO's ministerial conferences.
- The Work Programme on Electronic Commerce states that: "Exclusively for the purposes of the work programme, and without prejudice to its outcome, the term 'electronic commerce' is understood to mean the production, distribution, marketing, sale or delivery of goods and services by electronic means". Four WTO bodies were charged with the responsibility of carrying out the Work Programme: the Council for Trade in Services; the Council for Trade in Goods; the Council for TRIPS; and the Committee on Trade and Development. The General Council plays a central role and keeps the work programme under continuous review

WTO and e-commerce

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Way forward

- **Recognise the benefits of e-commerce**
- **Identify the sectors that could benefit**
- **Could be tool to promote trade and reduce trade cost**
- **Regulatory mechanism – domestic**
- **Data security and sharing arrangements**
- **Prepare for signing of Paperless trade agreement in Bangkok on 29 August 2017.**



Thank You