



**Enabling Trade in
high cost countries**

eCommerce for growth and jobs



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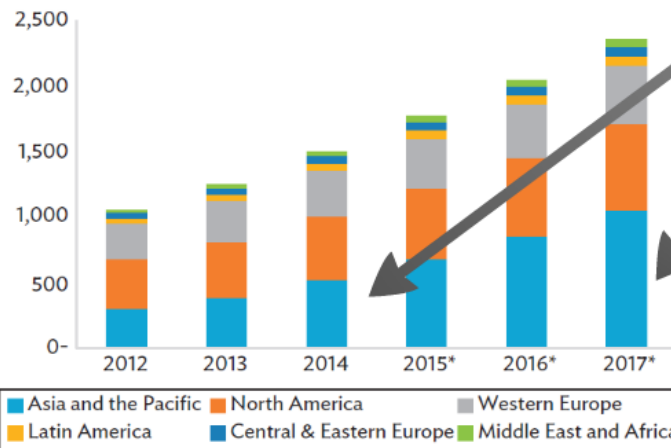
THEMES

1. Trade is moving online
2. Opportunities especially large for LLDCs
3. AfT can promote ICT infrastructure

1. Trade is moving online



Figure 10: Global Business-to-Consumer E-Commerce Marketplace by Region, 2012-2017*
(\$ billion)



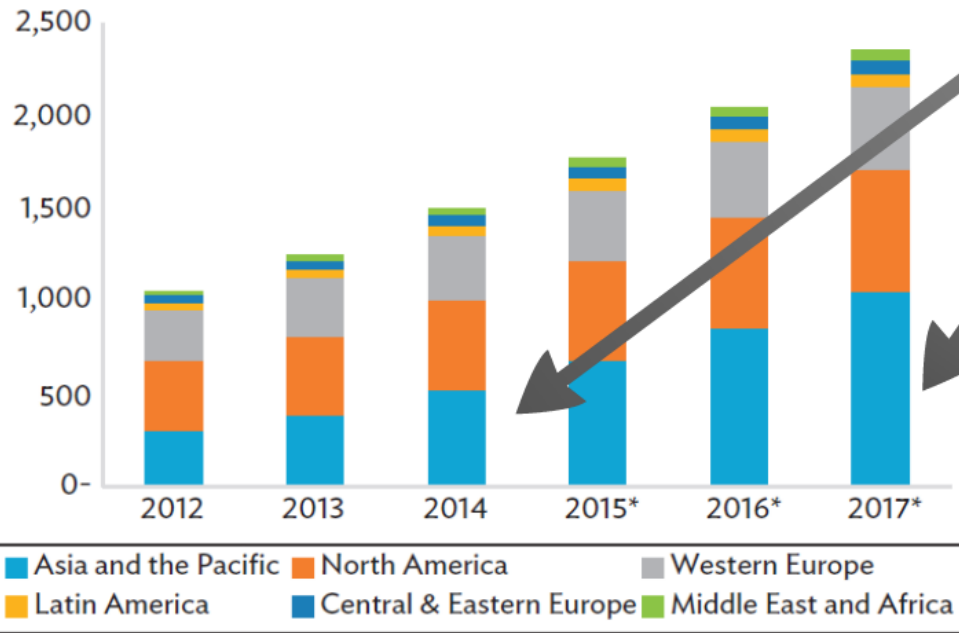
* = forecast.
Source: eMarketer.

Asia driving global ecommerce flows

Demand for online purchasing is there...

is moving online

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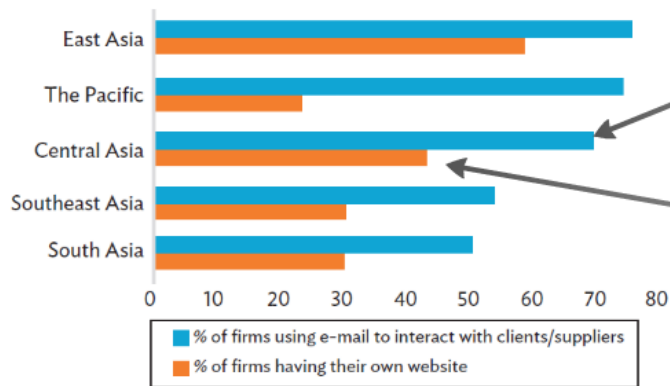
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Asia driving global
ecommerce flows

Demand for online purchasing is there...

...are your exporters ready?

Figure 13: Share of Firms that Use their Own Website and E-mail with Clients by Subregion, 2014 (%)



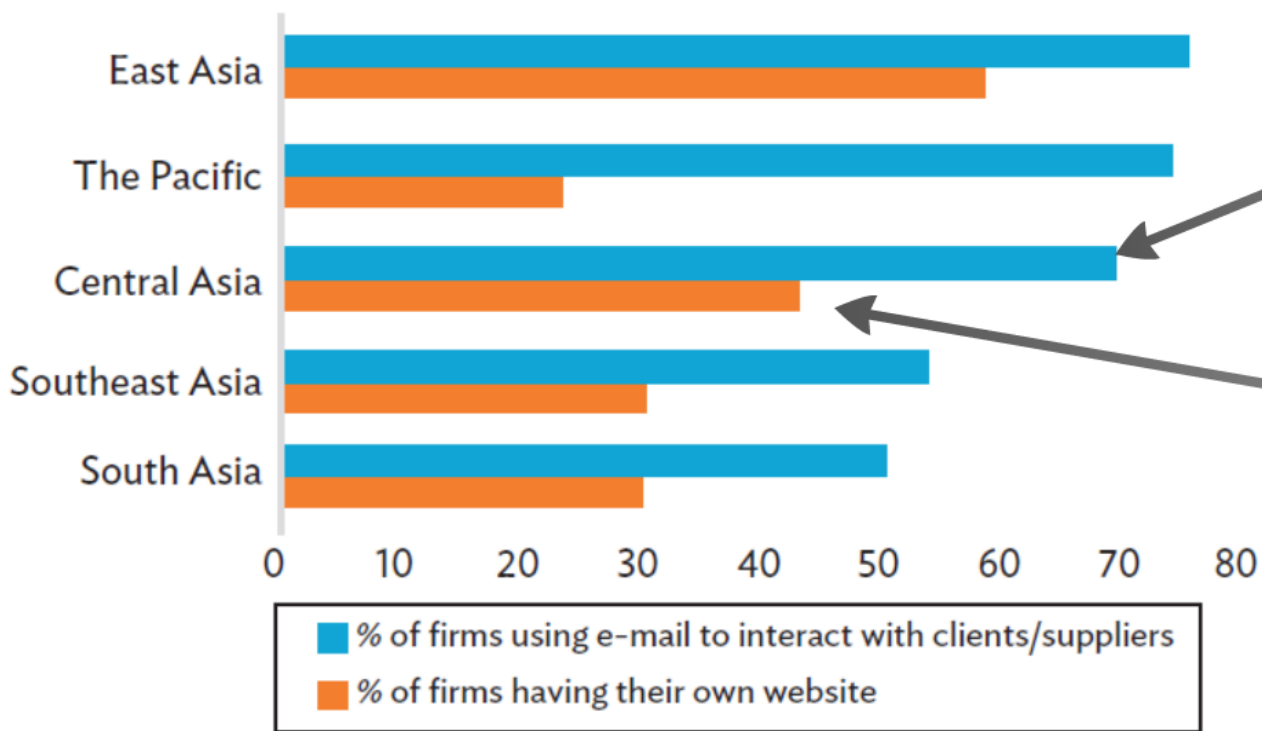
• 70% use email

• only 45% have a website

Source: World Bank. Enterprise Surveys Data. <http://www.enterprisesurveys.org> (accessed 12 June 2015).

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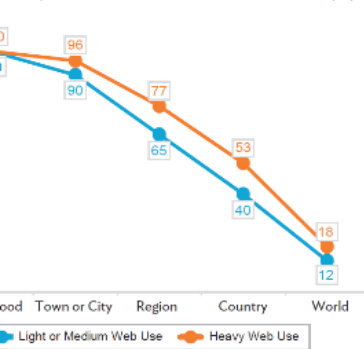


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Small and Medium-Sized Enterprises' Trade by Market and Level of Web Use (%)



...nberg, Field, and Dean (2014).

SMEs engage more in trade

- active web users are more active in global markets

+ Inclusiveness



women-led firms

- higher bank financing accessibility
- higher adoption rate of online business

Over **95%** engage in exporting

Average number of international markets reached is **more than 30**

60-80% of new businesses analysed "survive" their first year. The respective figure for traditional exporters is only around **30-50%**

more export activity

- INDIA: 9.6% of firms export
- 98% of online sellers export



Trade costs matter
60% less to online exporters

- India ecommerce growth
- 35% annual growth (2009-2013)
 - worth \$12.6 billion in 2013
 - most online sales
 - 1233 rural hubs contribute

Distance matters less online

2. Opportunities for LLDCs



1 E-commerce is **lowering trade barriers**

eBay is more effective than offline channels in reducing the negative effect of trade costs on international trade. Trade costs "matter" 60% less (in other words are 60% less likely to trade) for eBay transactions than for offline trade.

Trade costs "matter" less

60%



Trade costs matter
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exporters

India ecommerce growth

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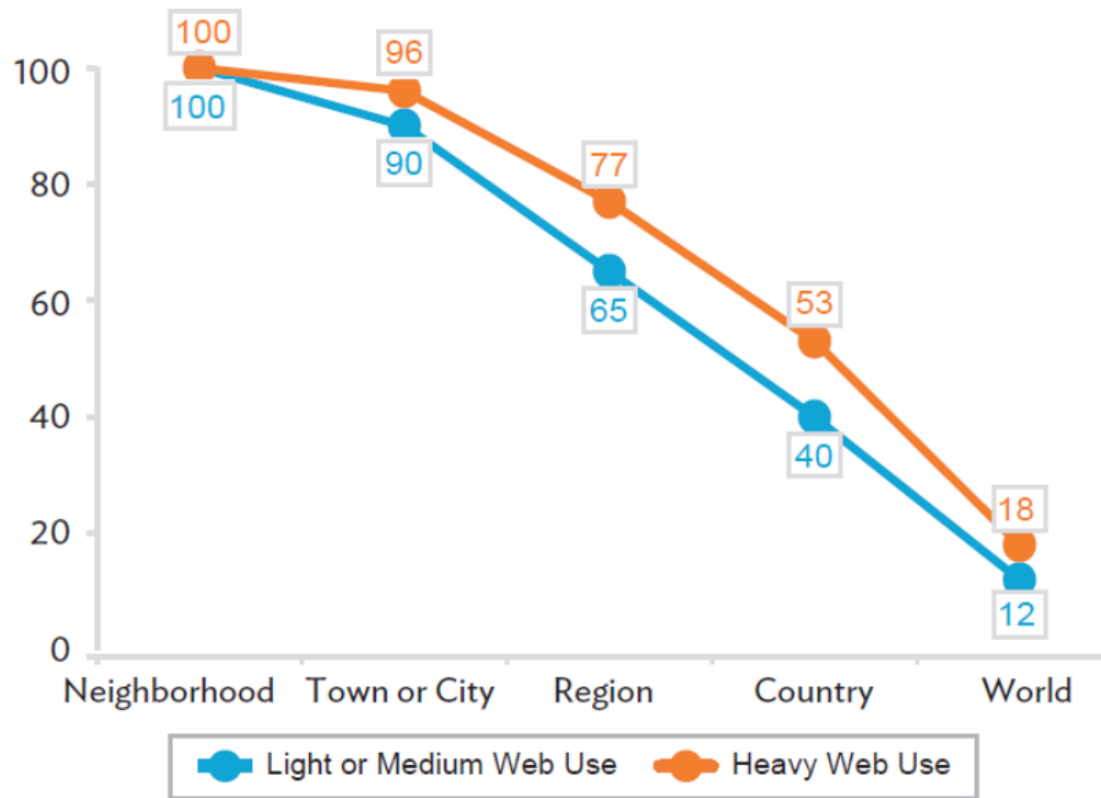
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Figure 16: Small and Medium-Sized Enterprises' Sales Reach by Market and Level of Web Use (%)

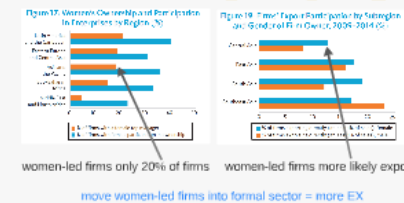


Source: Zwillenberg, Field, and Dean (2014).

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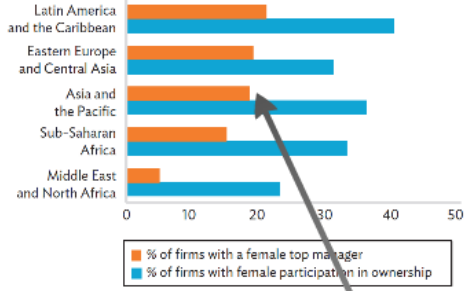
women-le

- online trade impro
- enables greater us

women-led firms only 20% of firms women-led firms more likely export
move women-led firms into formal sector = more EX

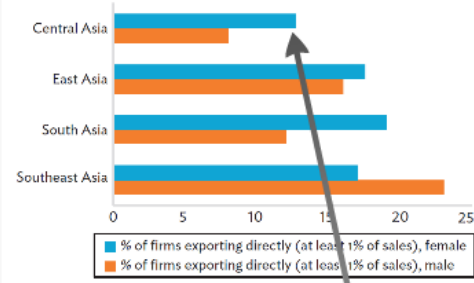
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Figure 17: Women's Ownership and Participation in Enterprises by Region (%)



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Figure 19: Firms' Export Participation by Subregion and Gender of Firm Owner, 2009-2014 (%)



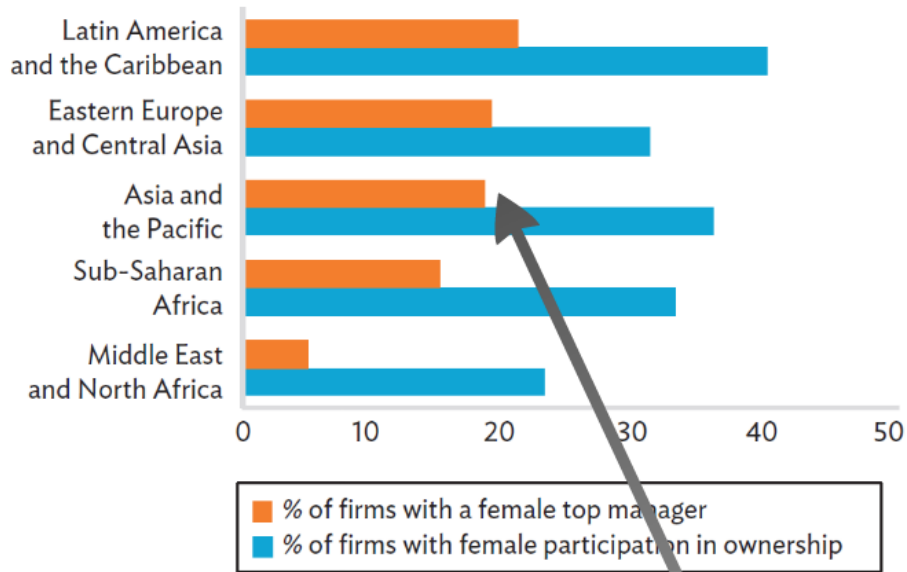
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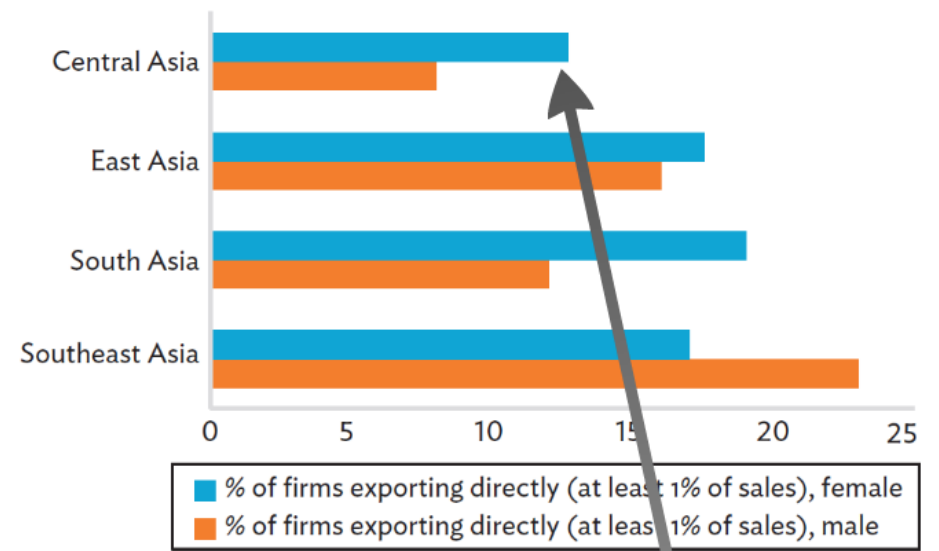
- online trade improves entrepreneurship
- enables greater use of scarce resources

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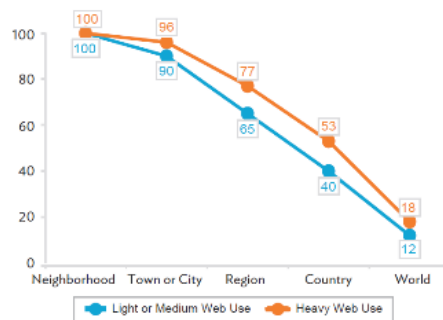
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more export activity

- INDIA: 9.6% of firms export, 98% of online sellers export

↑ **Exporters of low-quality goods**

Trade costs matter 60% less to online exporters

India e-commerce growth

- 30% annual growth (2009-2013)
- worth \$12.6 billion in 2013
- not only cities
- 123 rural India cooperatives

Distance matters less online

2. Opportunities for LLDCs

Who gains from online trade?

- exporters
- SMEs
- women-led firms

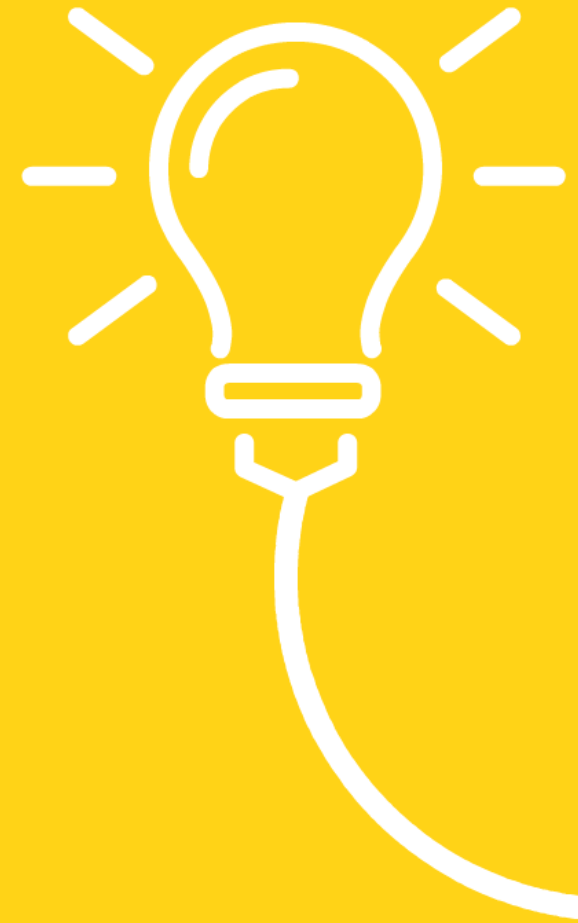


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3. Use AfT to promote ICT + eCommerce

Aid for Trade



Linking Aft to e-commerce
e-Commerce Readiness
Internet penetration
Usage by firms
policy environment
Logistics

What is Aid for Trade?

- development assistance to reduce trade costs
- some donors have special lines of assistance, many do not

How is it monitored?

- WTO
- every 2 years: Global Review
 - 2011, 2013, 2015
- regional reports
 - Asia, Africa, LatAm

ADB does not!

2015 theme:
reducing trade
costs for inclusive
sustainable
growth

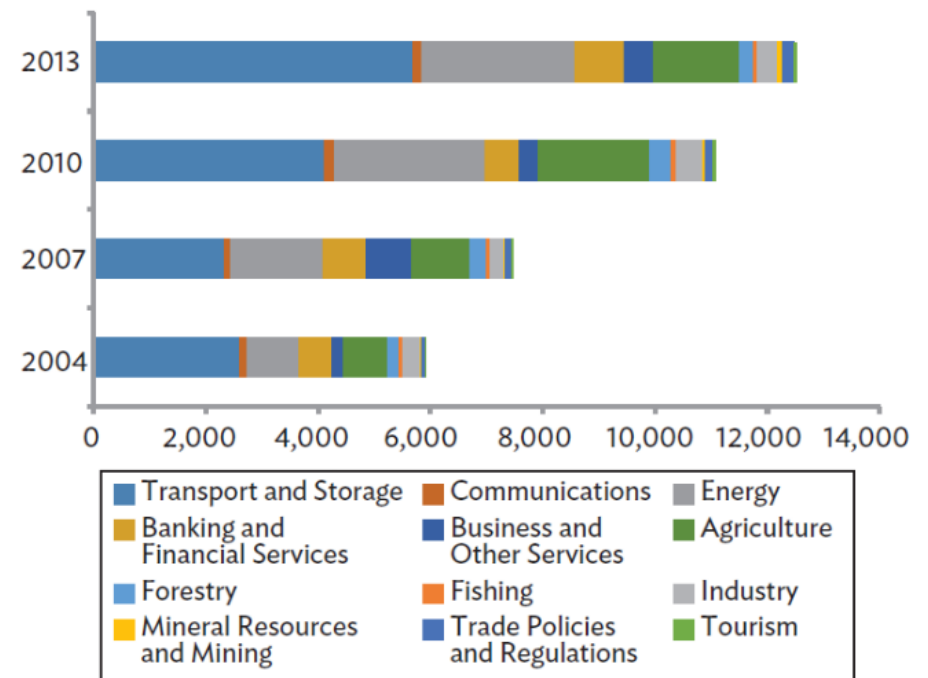
Aid for Trade ↑

- regional flows up since 2004
 - transport dominates
 - ICT spending increasing



- 547 ICT-related projects
 - 36 in PRC
 - 34 in Viet Nam
 - 31 Bangladesh
- \$17.67 billion

Figure 6: Aid for Trade Disbursements in Asia and the Pacific by Sector (\$ million)



Source: OECD. Aid for Trade Statistics. <http://www.oecd.org/>

- transport dominates

ICT spending increasing

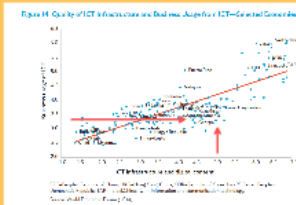
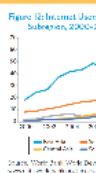


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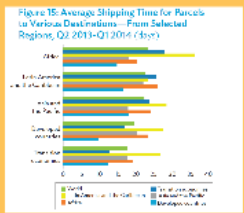
Linking Aft to eCommerce

eCommerce Readiness

- internet penetration
- useage by firms
- policy environment
- logistics



- ASEAN Framework
- electronic transit
 - consumer protection
 - data protection
 - cybercrime
 - content regulation
 - domain names



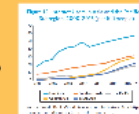
logistics for small exporters (online) are DIFFERENT

- postal shipping times
- warehousing
- air transport
- ICT connectivity

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Internet penetration rates growing steadily



Internet penetration and firm usage are positively correlated

Policy Environment

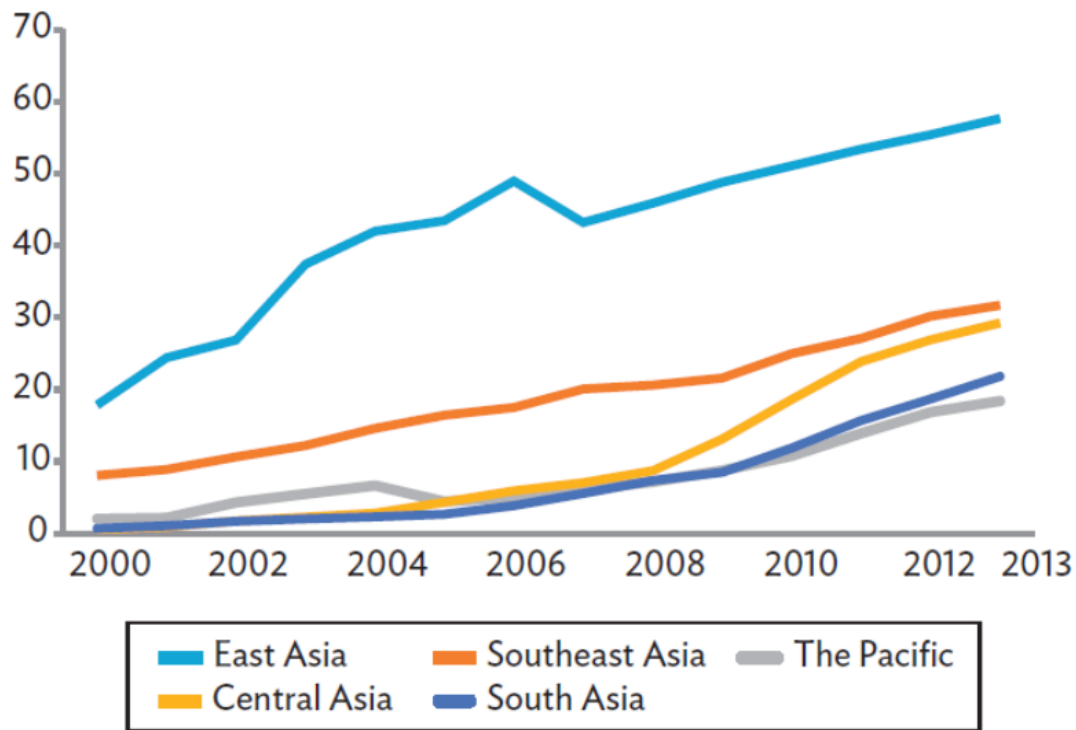
- stable macroeconomic environment
- sound financial and legal system
- sound regulatory framework
- sound level of digital infrastructure



Logistics for small exporters (online) are DIFFERENT

- postal shipping times
- warehousing
- IT management
- ICT connectivity

Figure 12: Internet Users in Asia and the Pacific by Subregion, 2000-2013 (per 100 people)



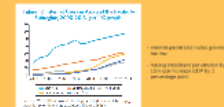
Source: World Bank. World Development Indicators Data. <http://www.data.worldbank.org> (accessed 10 June 2015).

- internet penetration rates growing but low
- raising broadband penetration by 10% can increase GDP by 1 percentage point

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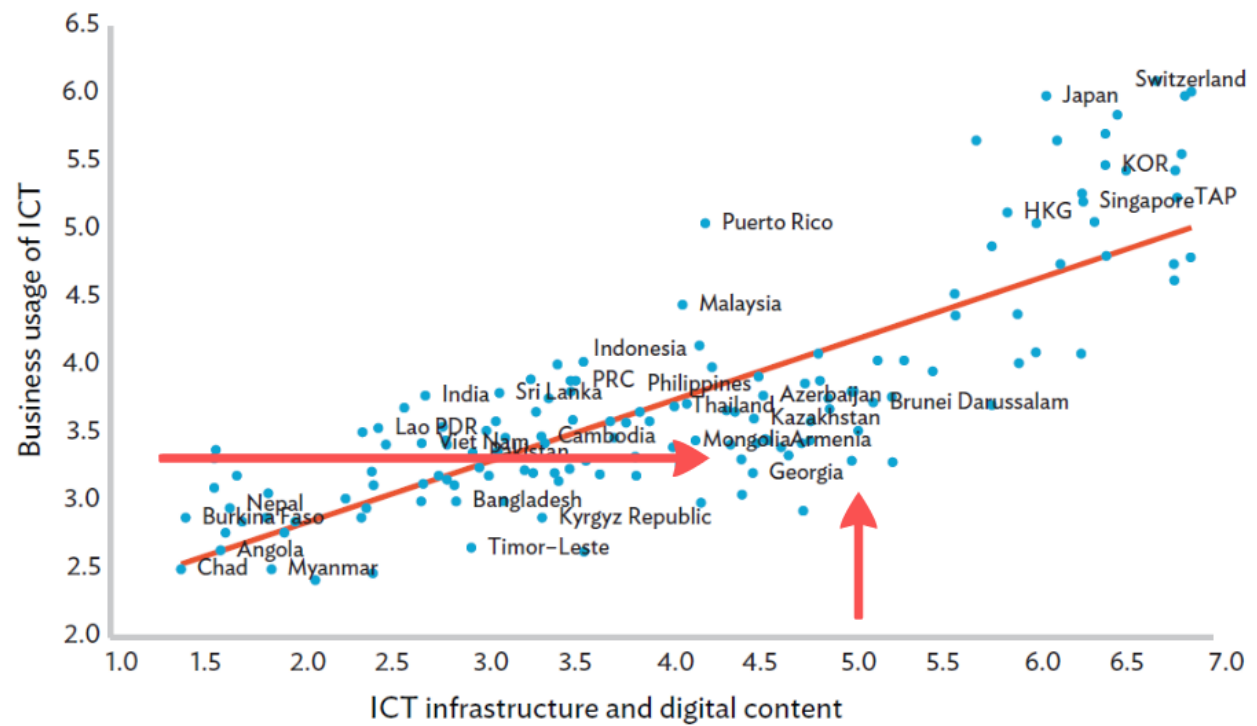


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Source: World Bank. World Development Indicators Data. <http://www.data.worldbank.org> (accessed 10 June 2015).

Figure 14: Quality of ICT Infrastructure and Business Usage from ICT—Selected Economies, 2014



translate connectivity into business use

Central Asia does well on infrastructure...

...but business use very low

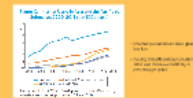
PRC=People's Republic of China; HKG=Hong Kong, China; KOR=Republic of Korea; Lao PDR=Lao People's Democratic Republic; TAP= Taipei,China; ICT = information and communication technology.

Source: World Economic Forum (2014).

Linking Aft to eCommerce

eCommerce Readiness

- internet penetration



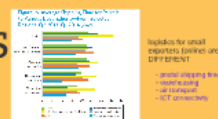
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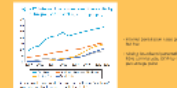
E-ASEAN Framework Agreement

- electronic transactions
- consumer protection
- data protection and privacy
- cybercrime
- content regulation
- domain names and dispute resolution

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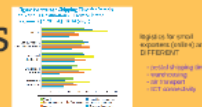
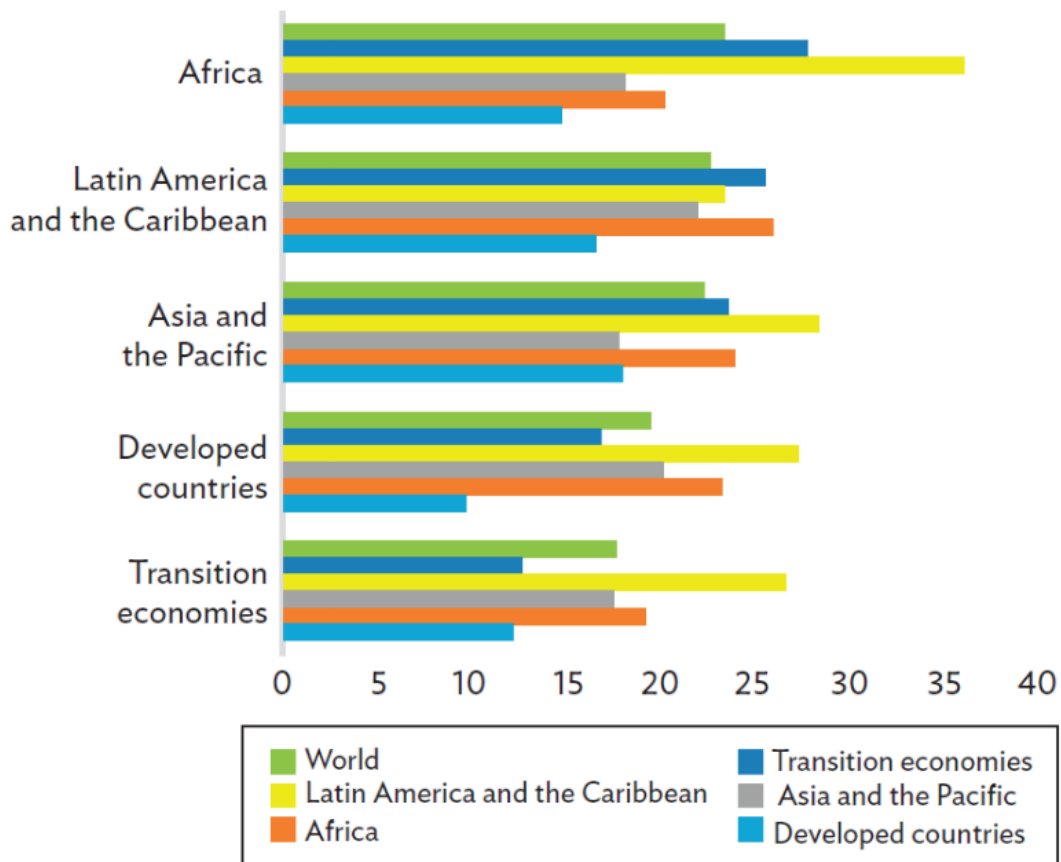


Figure 15: Average Shipping Time for Parcels to Various Destinations—From Selected Regions, Q2 2013-Q1 2014 (days)



logistics for small exporters (online) are DIFFERENT

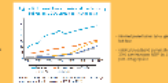
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Linking Aft to eCommerce

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Aid for Trade



- Internal penetration
 - usage by firms
 - policy environment
 - digital
- eCommerce Readiness
- Linking AT to e-Commerce

Trade is moving online

distance matters less
exporters act differently

Leverage AfT



ICT infrastructure is only the beginning



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high cost countries**

eCommerce for growth and jobs

