



OPPORTUNITIES FOR E-COMMERCE IN DEVELOPING COUNTRIES

*Lessons from the **Information Economy Report 2015***

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**The Development Dimension of Cross-Border eCommerce:
nourishing an emerging opportunity in CAREC**

CAREC Program Trade Facilitation Learning Opportunity

Wuhan, China

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Implications of E-commerce

- Access global value chains
- Access to markets/exports
- Access to suppliers/imports
- Higher productivity
- More competition
- Greater consumer choice
- Job creation
- Risk of fraud
- Costs of adaptation
- Risk of crowding out
- Risk of losing tax revenue
- Risk of job losses
- Risk of widening divides





Different e-commerce transactions

- 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

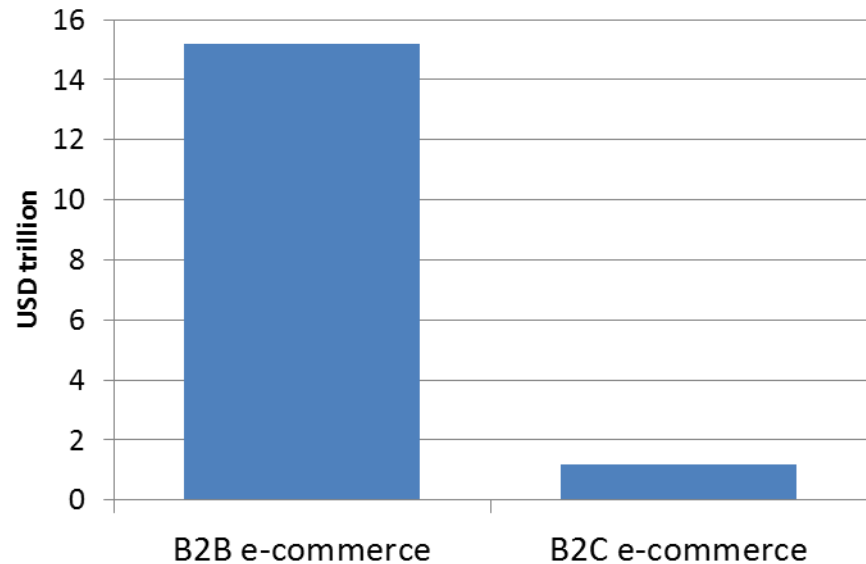


B2B revenues by far the largest

Share of B2B in e-commerce revenue:

- US - 89%
- Canada - 64%
- EU - 87%
- Republic of Korea - 91%
- Russia - 57%

Global B2B and B2C global revenues, 2012-13

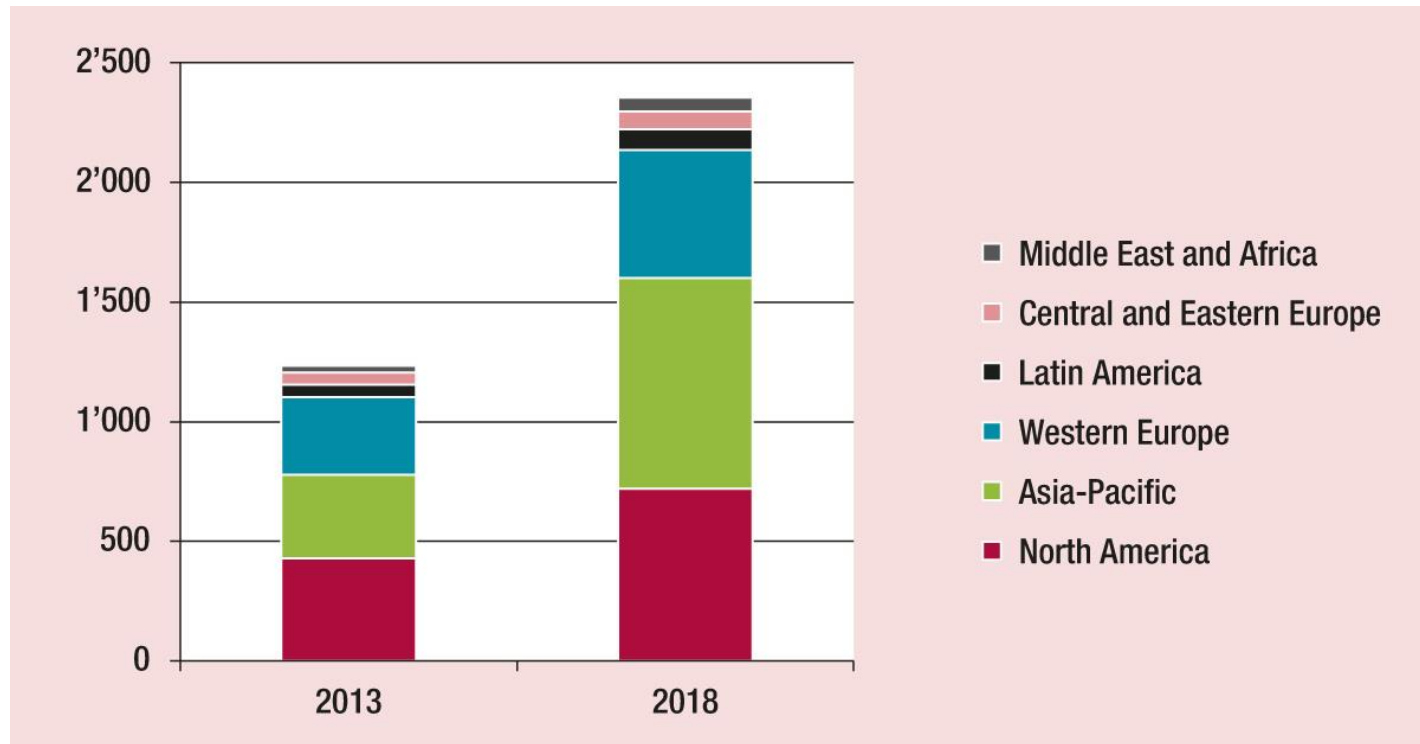


Source: UNCTAD estimates based on national sources, eMarketer, and others.



B2C e-commerce growing fast *especially in developing countries*

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



Source: eMarketer, July 2014.



10 Largest B2C markets, 2013

Country	B2C market 2013	Online buyers	
	(\$ billions)	Number in millions	Annual spend per buyer (\$)
China	301	271	1,111
United States	263	133	1,975
Japan	119*	55	2,171
Germany	52	33	1,593
United Kingdom	144	30	4,874
Russian Federation	13	20	662
Republic of Korea	22	19	1,195
France	68	18	3,688
Brazil	14	14	1,045
Canada	19*	13	1,446
Top ten total	1,016	605	1,679

Source: UNCTAD, based on national sources as indicated in the Information Economy Report 2015.

* 2012.



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



Wider scope for inclusive e-commerce

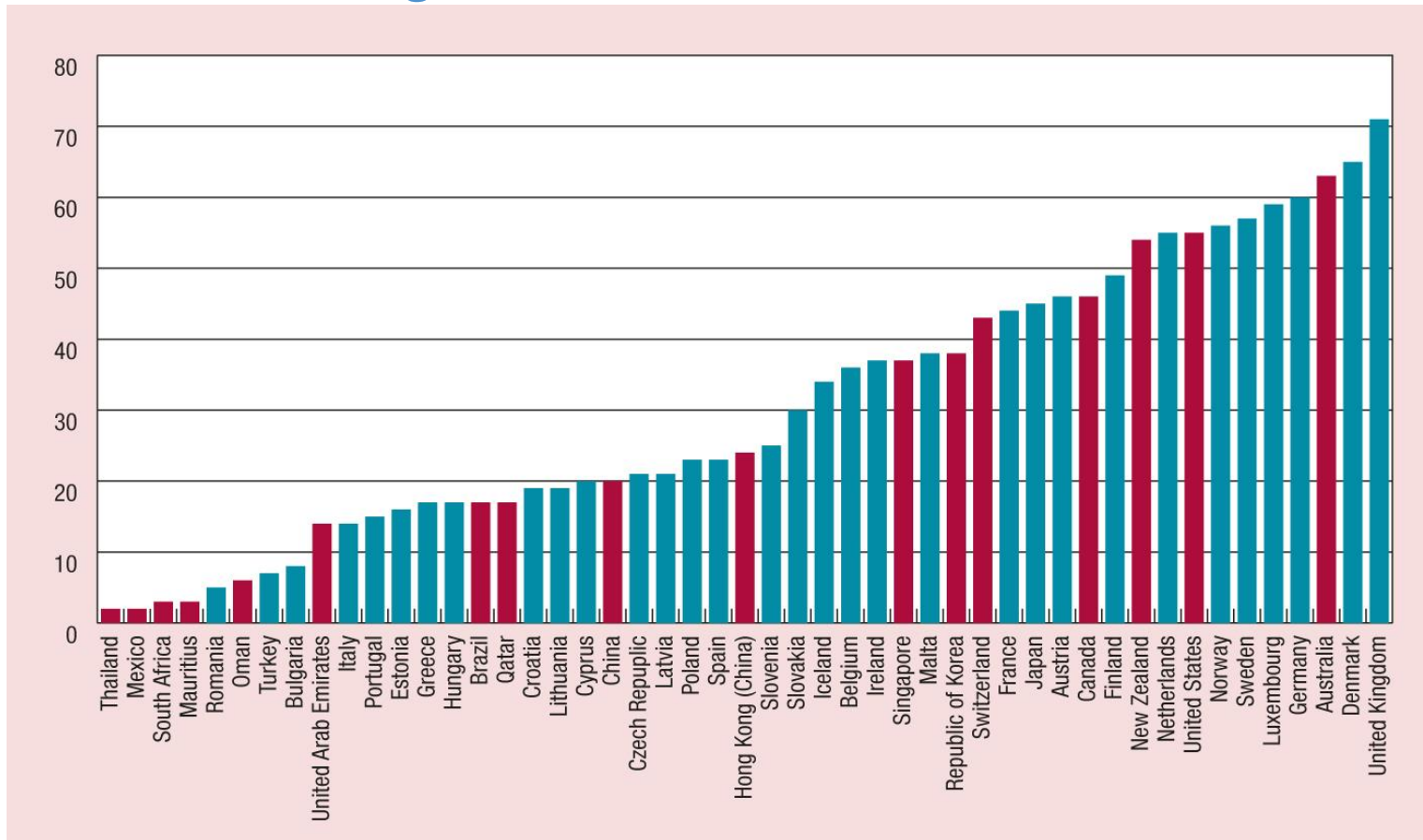
- Improved connectivity in developing countries
 - Mobile telephony, Internet use and social media
- Reduced barriers to entry
 - New e-commerce applications and platforms
 - New e-commerce services
 - New payment solutions
- Rise of many new e-commerce companies in developing and emerging economies





Share of individuals purchasing online 2013

Large variation across countries



Source: UNCTAD, based on Eurostat, ITU and national data (in red).



Barriers to E-commerce

- Economic barriers
 - Inadequate ICT infrastructure and power supply
 - Limited use of credit cards and under-developed financial systems
 - Lack of purchasing power
- Socio-political barriers
 - Weak legal and regulatory frameworks
 - Cultural preferences for face-to-face interaction
 - Reliance on cash in society.
- Cognitive obstacles
 - Poor ICT literacy
 - Lack of awareness and knowledge of e-commerce



UNCTAD B2C E-commerce Index 2014

Indicators included

- Percentage of individuals using Internet
 - Sources: ITU, Eurostat and national surveys, 2013, 216 economies
- Credit card (% age 15+)
 - Source: World Bank Findex survey, 2011, 149 economies
- Secure Internet servers (per 1 million people)
 - Source: World Bank, 2013, 209 economies
- Percentage of the population having mail delivered at home
 - Source: Universal Postal Union, 2012, 168 economies
- Total coverage: 130 economies

UNCTAD B2C E-commerce Index 2014

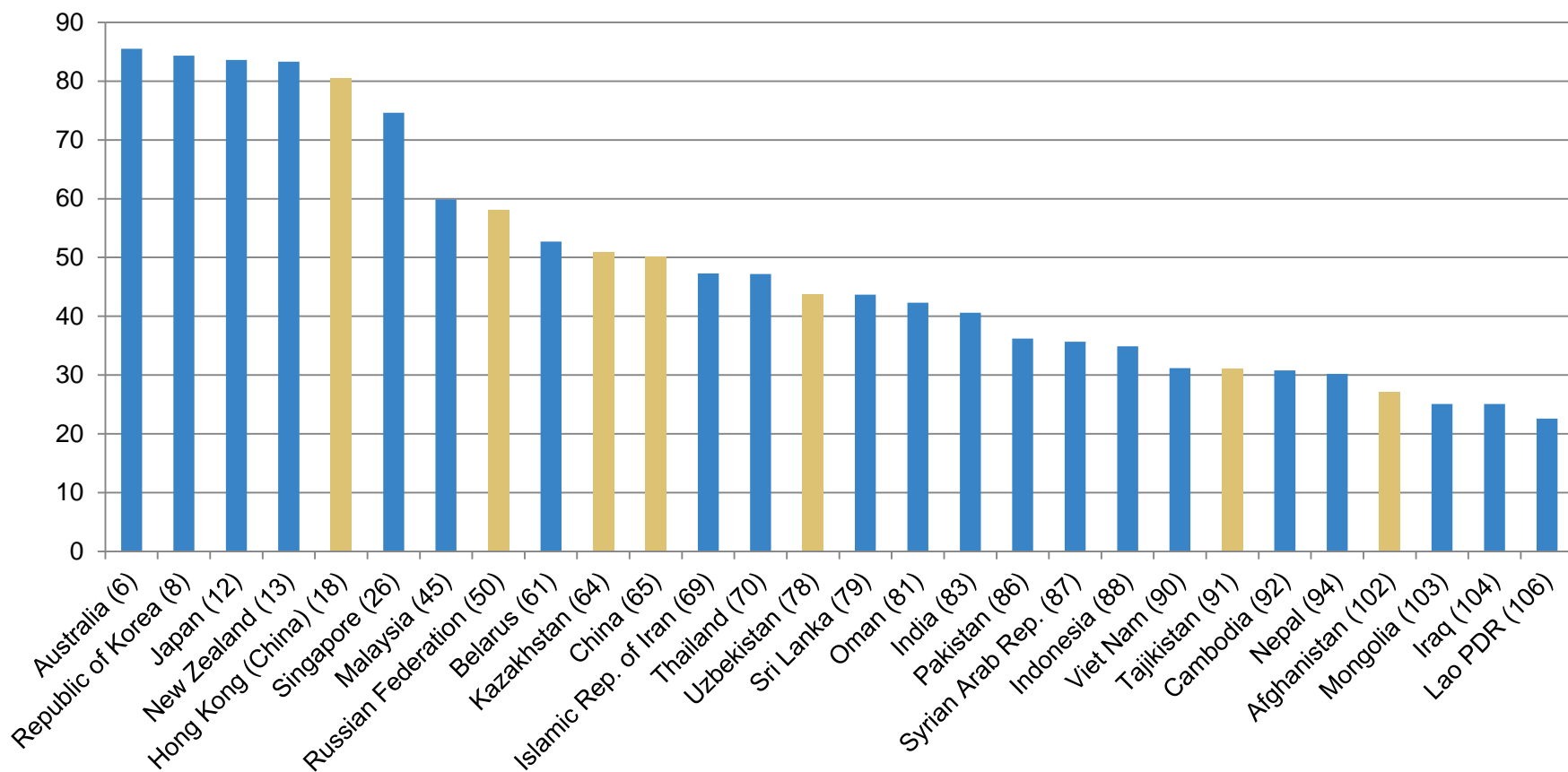
Top 10 economies, by region

Globally	Developing economies	Africa	Asia and Oceania	LAC	Transition economies
Luxembourg	Republic of Korea	Mauritius	Republic of Korea	Chile	TFYR Macedonia
Norway	Hong Kong (China)	South Africa	Hong Kong (China)	Uruguay	Serbia
Finland	Singapore	Egypt	Singapore	Trinidad and Tobago	Russian Federation
Canada	Bahrain	Tunisia	Bahrain	Brazil	Bosnia and Herzegovina
Sweden	Turkey	Morocco	Turkey	Argentina	Albania
Australia	Chile	Sierra Leone	Malaysia	Costa Rica	Georgia
Denmark	Uruguay	Zambia	Lebanon	Dominican Republic	Ukraine
Republic of Korea	Trinidad and Tobago	Madagascar	China	Mexico	Armenia
United Kingdom	Malaysia	Zimbabwe	United Arab Emirates	Bolivarian Republic of	Belarus
Israel	Brazil	Mali	Islamic Republic of Iran	Colombia	Moldova



UNCTAD B2C E-commerce Index 2014

Central Asia + China + Russia

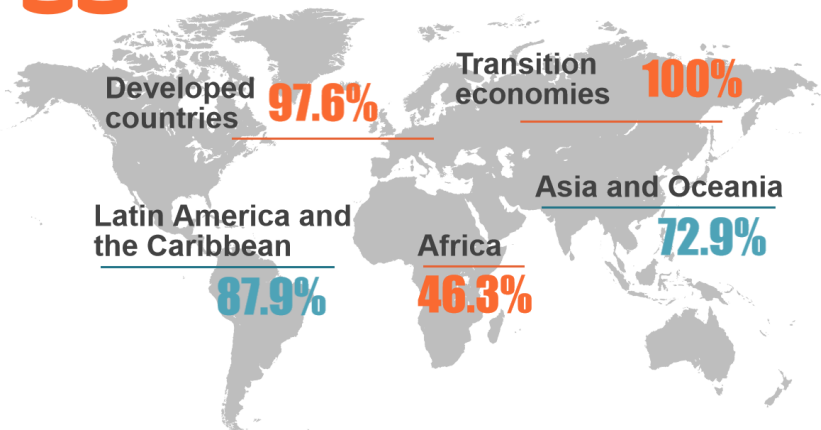




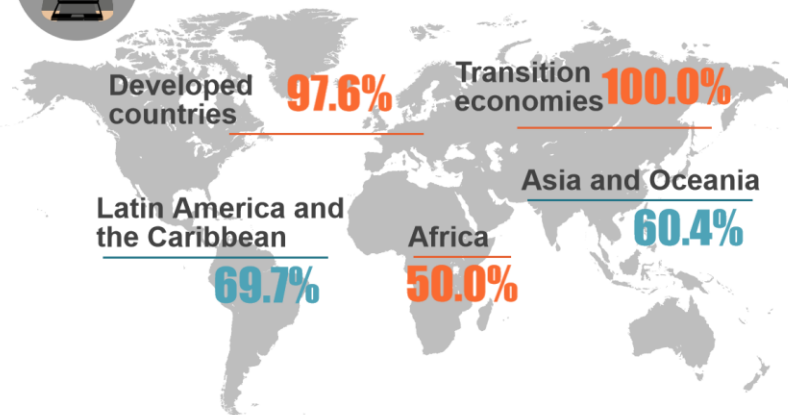
Unctad.org/cyberlawtracker



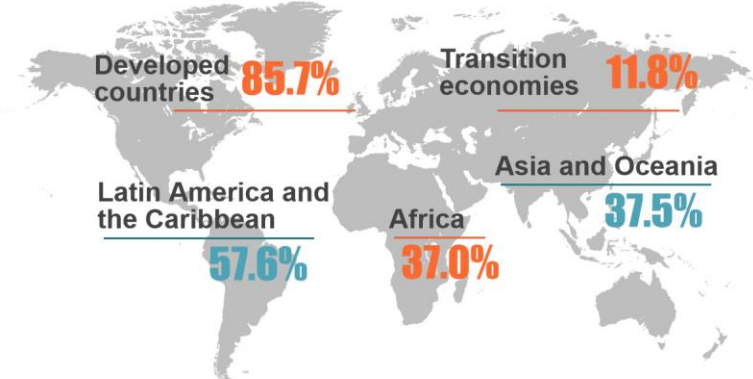
Share of countries with E-Transaction laws



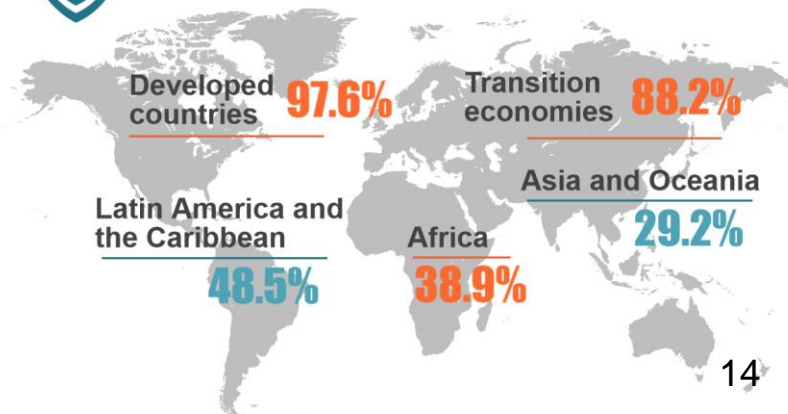
Share of countries with Cybercrime laws



Share of countries with consumer protection laws

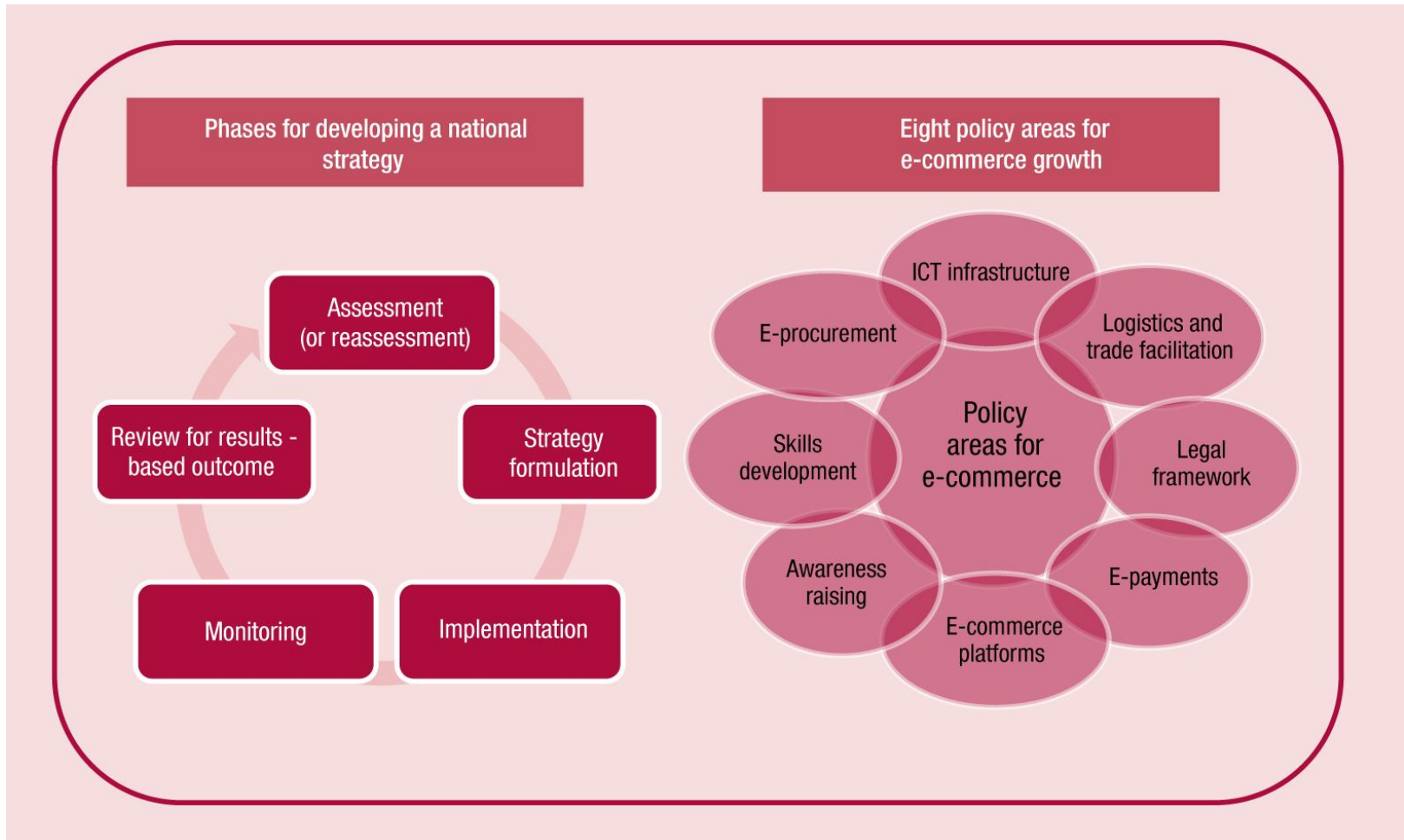


Share of countries with privacy and data protection laws





Facilitating e-commerce





Issues for **inclusive** e-commerce

- Understand strengths and weaknesses – vary by country
- Engage all relevant stakeholders
- Is ICT connectivity reliable and affordable?
- Do SMEs have access to e-commerce platforms?
- Are there ways to make secure payments online?
- Do consumers and businesses trust online commerce?
- Can goods purchased online be safely delivered, domestically and across borders?



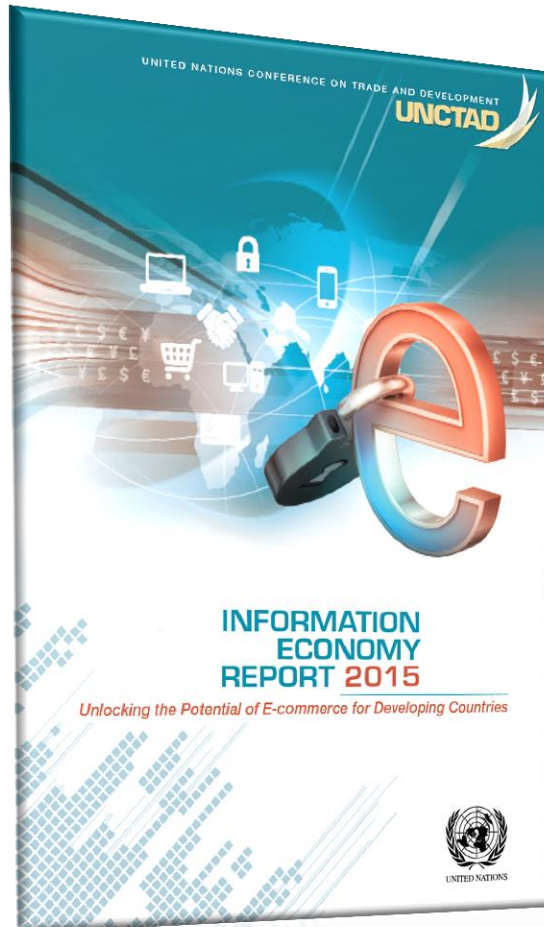
The case of Central Asia – a new Silk Road?

- Tailored strategies and policies needed
- Policy emphasis needs to be adapted to each country, but considering regional harmonization of rules.
- Starting point: assessment of strengths and weaknesses
- Engage relevant stakeholders
 - Improve ICT infrastructure
 - Facilitate e-payments
 - Develop skills to harness e-commerce
 - Promote government use of e-services
- Develop relevant indicators and collect data
- Monitor and evaluate



Areas for further research

- International policies and e-commerce
 - Trade policy – implications for developing countries?
 - Taxation policy – implications for developing countries?
- Distributional effects of e-commerce
 - Large vs. small enterprises
 - Global vs. local businesses
 - Between different segments of the private sector
- Employment effects
 - Net creation or net loss of jobs?
 - Quality and remuneration of different jobs affected



Content

- Review of global and regional trends
- UNCTAD B2C E-commerce Index
- New evidence on the economic impact of e-commerce
- Global mapping of cyberlaws
- E-commerce by small and rural enterprises in developing countries
- Case studies
- Policy recommendations

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unctad.org/ier**