



United Nations Conference on Trade and Development

Distr.: General
20 July 2016

English only

Fourteenth session

Nairobi

17–22 July 2016

Ministerial round table on unleashing the power of e-commerce for development

Summary prepared by the UNCTAD secretariat

1. The ministerial round table on unleashing the power of e-commerce for development was opened by the Deputy Secretary-General of UNCTAD and brought together Ministers, business executives and leading representatives of the development community to share their views on what policies were needed to unleash the full potential of e-commerce in developing countries.
2. Several speakers noted that more economic activities were increasingly going online. For large and small enterprises alike, this made it important to engage in e-commerce to access global value chains and to reach customers within national borders and abroad.
3. There was broad agreement on the potential role of the digital economy in creating new economic opportunities empowering women and youth, and traditionally disadvantaged communities. It was no longer the case when only big corporations had the economies of scale to operate on a global level. Digitalization not only lowered entry costs, it could also reduce information asymmetries and be exploited to bridge the urban–rural divide in many countries.
4. Some participants observed that e-commerce – like other technology-induced changes – was transformational in nature, creating opportunities and challenges, winners and losers. And in this case, the transformation had been dramatic. For instance, new UNCTAD estimates suggested that global business-to-business e-commerce sales in 2015 had amounted to almost \$20 trillion, and business-to-consumer e-commerce sales, to more than \$2 trillion. Most of the growth was in emerging economies, with China representing the largest business-to-consumer e-commerce market in the world. Brazil, the Russian Federation, the Republic of Korea and India now ranked among the top 10 business-to-consumer markets.

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5. Moreover, in only two years, the number of online shoppers in the top 10 business-to-consumer e-commerce markets had surged from 600 million to 850 million – an increase of 40 per cent. This illustrated the rapid pace at which this market was expanding. Unless developing countries grasped the rapidly growing opportunity of e-commerce, they risked falling further behind.
6. In the ensuing discussions, a number of participants highlighted the challenges facing developing and transition economies in reaping the gains from e-commerce. These challenges included, for example, poor infrastructure, inadequate logistics, low adoption rates of information and communications technology, outdated legal and regulatory frameworks, and lack of payment solutions and financing, as well as of relevant digital skills. The capacity and ability to engage successfully in e-commerce varied significantly by country. Indeed, the e-commerce divide was even wider than the digital divide. As the digital economy was increasingly part of the real economy, digital and e-commerce divides could readily translate into real economic divides.
7. In this context, policy initiatives from Rwanda (Smart Rwanda 2020 Master Plan, Made in Rwanda), Costa Rica and Pakistan were designed to promote e-commerce as an important tool for economic diversification, export growth, employment generation, the development of small and medium-sized enterprises and overall national development. Several speakers drew attention to the low participation rate of small and medium-sized enterprises, especially those from the least developed countries, in the digital economy. They suggested that e-commerce policy initiatives should have targeted support for small and medium-sized enterprises. When designing these policy initiatives, it was necessary to embed them in the national innovation ecosystem.
8. At the global level, it was important to explore globally compatible systems, including legal frameworks, standards, payments, online consumer protection and dispute settlement, as well as to address the implications of e-trade enabled by new digital development for trade policy and trade facilitation.
9. There was a call for global partnerships, involving public and private sector stakeholders, to remove obstacles and raise awareness of e-commerce as a driver for sustainable development. Speakers from the private sector spoke about ongoing partnerships with other private sector companies and international institutions to foster the participation of small and medium-sized enterprises in global e-commerce. Furthermore, these experiences could be easily replicated in other countries.
10. A number of speakers called on UNCTAD to assist developing countries in their efforts to leverage e-commerce for their development strategies. Many commended UNCTAD for having taken the lead in creating the eTrade for All initiative as a positive step in this direction.
11. The official launch of the eTrade for All initiative, opened by the Secretary-General of UNCTAD, followed the ministerial round table. The initiative was a multi-stakeholder tool for providing more coherent, efficient and transparent support to developing countries in policy areas that were key to building e-commerce readiness in support of the implementation of the 2030 Agenda for Sustainable Development.
12. Ministers from the Governments of Cambodia, Costa Rica and Pakistan welcomed this timely and collaborative effort to help developing countries, including least developed countries, to benefit more from e-commerce.
13. Most of the 15 founding partners were present at the launch, including the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Europe, the Enhanced Integrated Framework, eResidency (Estonia), the International Trade Centre, the Islamic Development Bank Group, UNCTAD, the World Bank Group, the World

Customs Organization and the World Trade Organization. They all expressed their commitment to engage in the initiative.

14. The Governments of Finland, Sweden and the United Kingdom of Great Britain and Northern Ireland pledged financial support to the initiative, and the Governments of Japan and the Republic of Korea expressed their general support to eTrade for All.

15. Many private sector representatives expressed support for the initiative, stressing the importance of ensuring an effective public-private dialogue to address remaining challenges in developing countries.
