

Aid for Trade Review

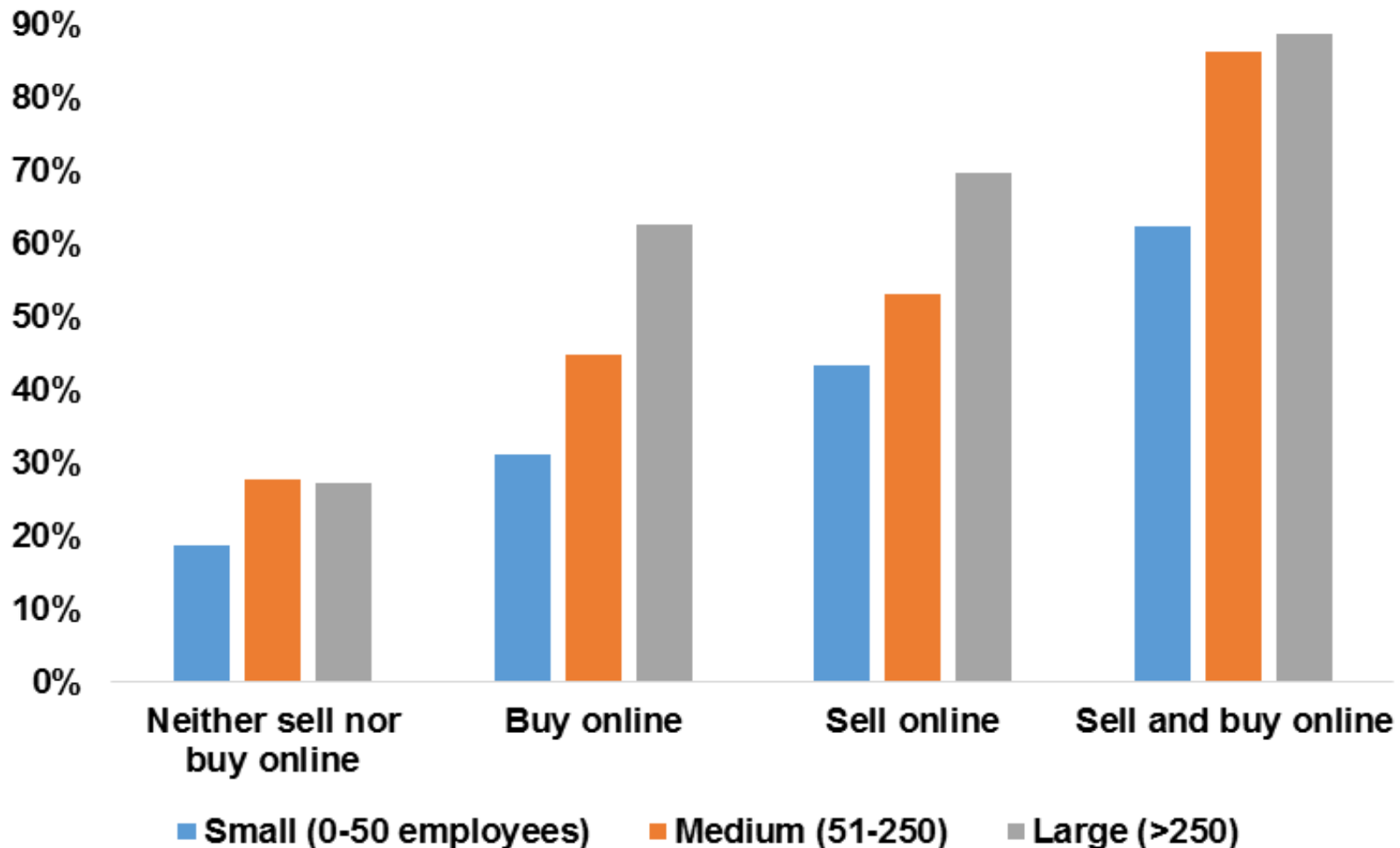
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Problem

- Policymakers and aid agencies increasingly attuned to the power of ecommerce to spur SME trade, job creation and inclusive growth
 - But **lack data and information to prioritize** policies and investments
 - Existing **interventions risk being too scattered and piecemeal** to be transformative
 - Old **legacy institutions in export promotion, business credit, customs procedures, etc. fail to support today's trade**
 - Private sector has the best knowledge of the opportunities, challenges and solutions to ecommerce development
 - But **private sector's knowledge, resources, and capabilities not systematically channeled into policymaking or PPPs**
- ✓ **This presentation: new data on challenges, new ideas on solutions**

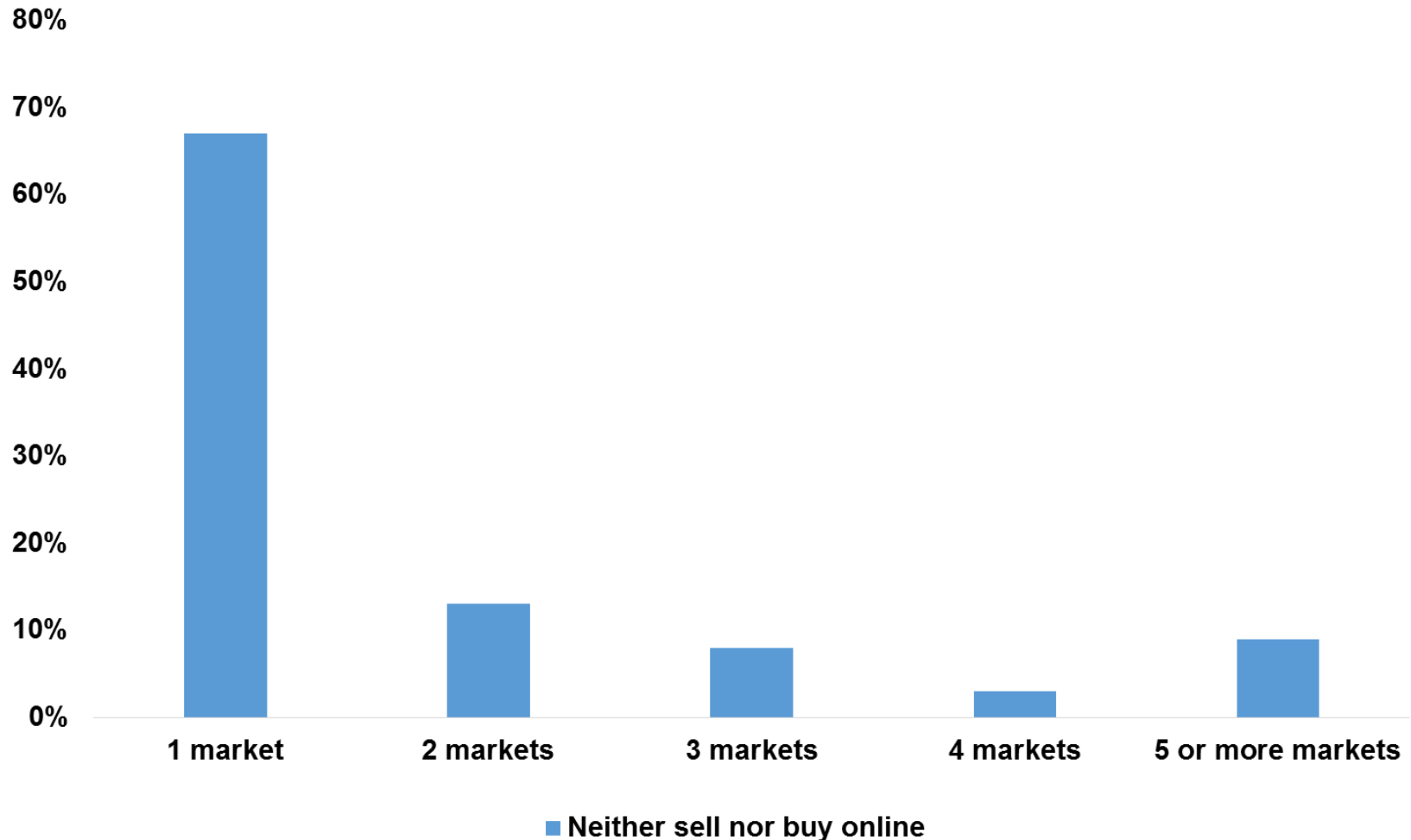
Online sellers are likelier to export – data from >3,000 firms in developing countries

% of companies that export, by online sales



While offline sellers are undiversified exporters...

Number of markets companies sell into, by company's online activity



... >50% of online sellers that export, export to 2 or more foreign markets

Number of markets companies sell into, by company's online activity

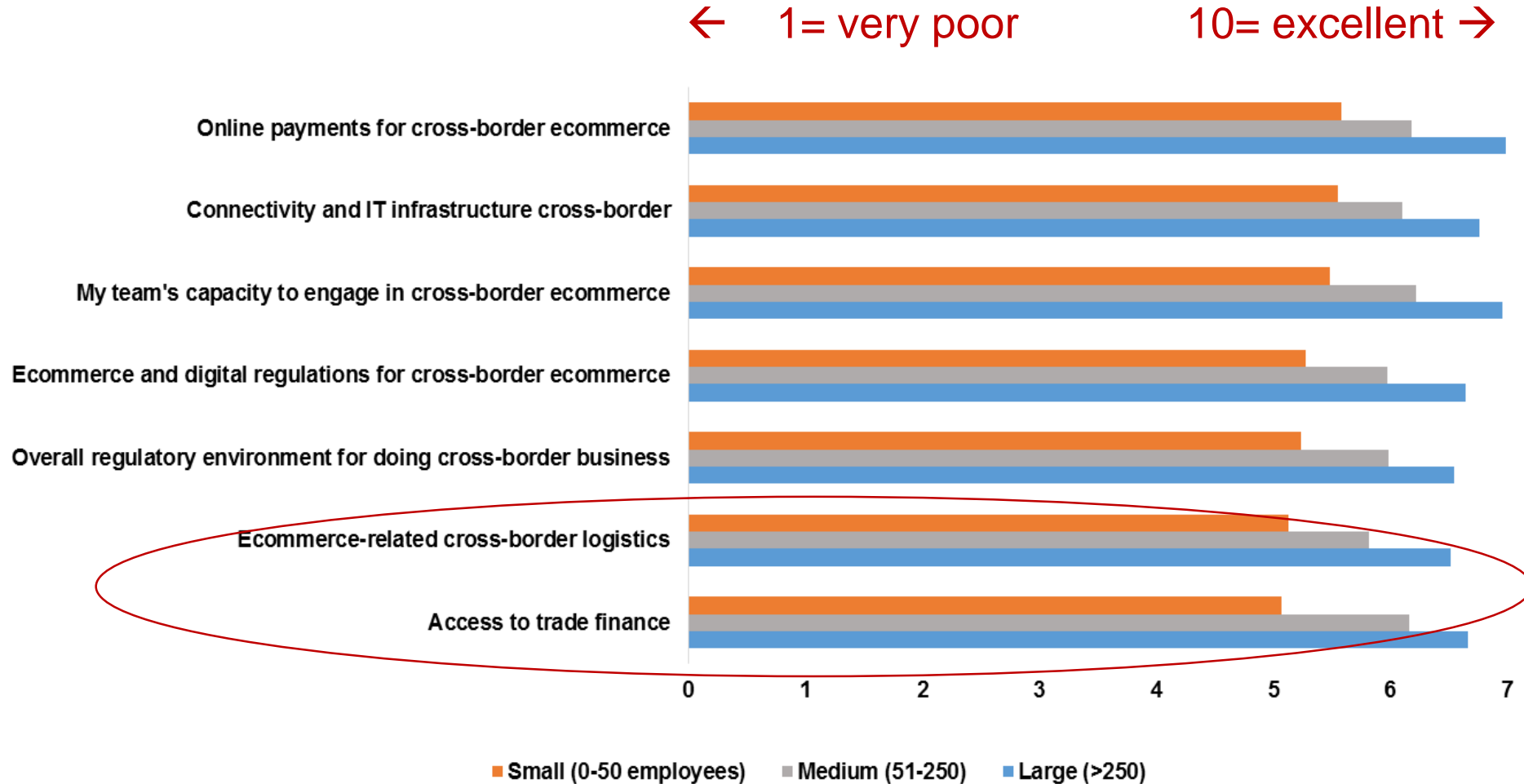


But Doing Ecommerce is Not Easy: Needs many elements to work—together

ICT infrastructure and services



Challenges to *cross-border* ecommerce, as seen by developing country companies

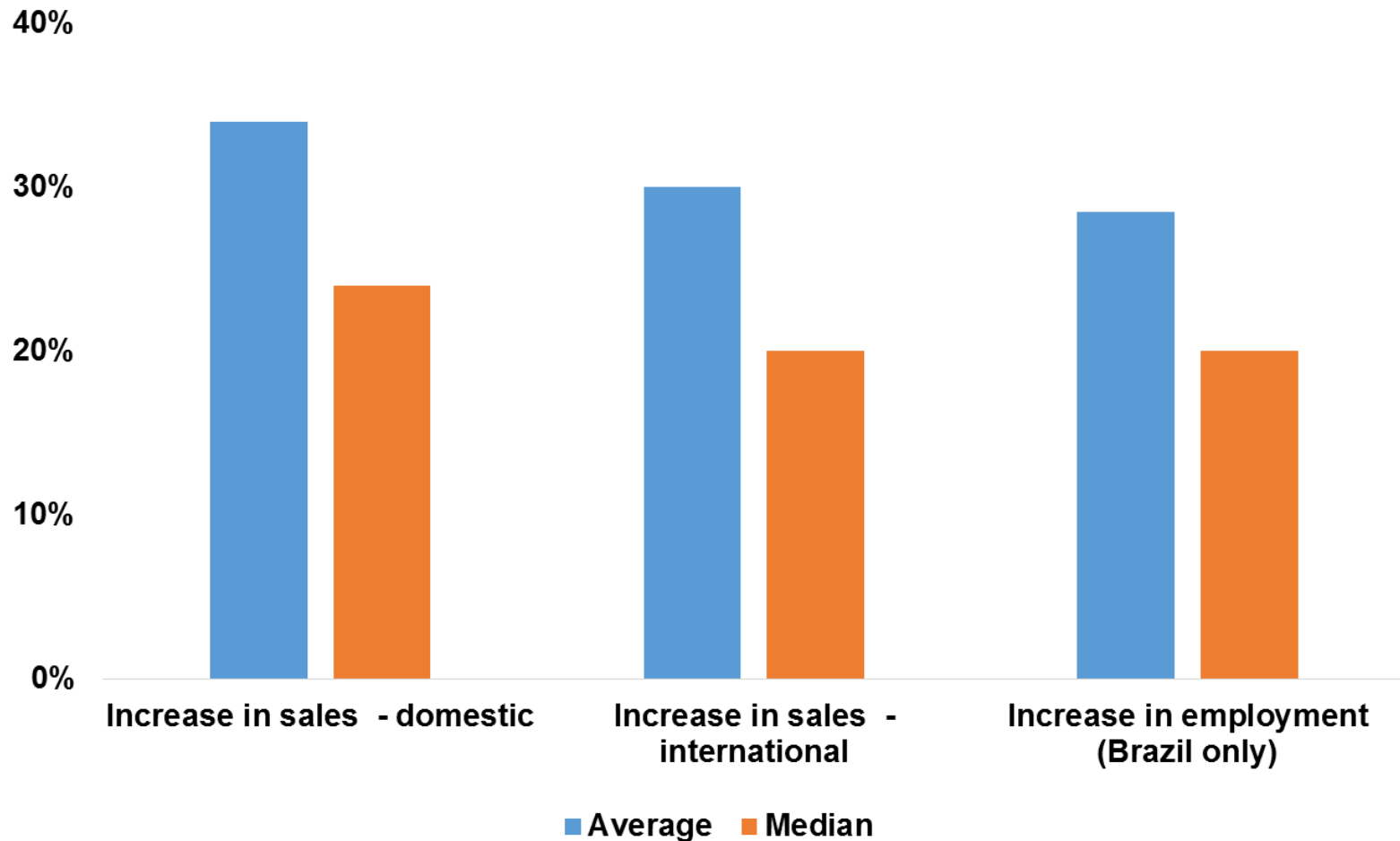


Many specific challenges to cross-border ecommerce – the top-15 worst

	Merchants selling online	Ecosystem, e.g. ecommerce platforms
1	Finance - Availability to trade finance for merchants	Logistics - Total cost of delivery from my country to foreign buyers (exports)
2	Logistics - Customs procedures for ecommerce imports	Digital reg. - IP protections in other markets
3	Logistics - Cost of logistics for cross-border transactions	Logistics - Market access (tariffs, trade policy) in my country's main export markets
4	Logistics - Total cost of delivery from my country to foreign buyers (exports)	Logistics - Customs procedures for ecommerce imports
5	Payments - Cost of cross-border online payments	Logistics - Customs procedures in main export markets
6	Logistics - Market access (tariffs, trade policy) in main export markets	Logistics - Infrastructure for cross-border transactions
7	Logistics - Infrastructure for cross-border ecommerce	Digital reg. - Copyright laws in other markets
8	Logistics - Postal services for cross-border ecommerce - import or export	Digital reg. - Censorship rules in other markets
9	Logistics - Customs procedures in main export markets	Overall regulatory environment - Tax rules in other markets
10	Digital reg. - Consumer protection laws in other markets	Digital reg. - Internet intermediary liability / safe harbor in other markets
11	Digital reg. - Interoperability of digital and ecommerce regulations with trading partner markets	Logistics - Postal services for cross-border ecommerce - import or export
12	Digital reg. - Legal liability laws for online sellers in other markets	Digital reg. - Data localization requirements in other markets
13	Digital reg. - Copyright laws in other markets	Digital reg. - OTT regulations (application of telecom and broadcast rules) in other markets
14	Digital reg. - IP protections in other markets	Digital reg. - Data privacy requirements in other markets
15	Overall regulatory env. - Tax rules in other markets	Payments - Cost of cross-border online payments

Yes, this matters to fix!

Companies' Revenue Gains If Their Top-3 barriers to Ecommerce Were Removed



To spur ecommerce, we need to refashion the trade policy / trade capacity building toolkit

- **Yes, old issues of trade facilitation, market access, and access to finance persist, but they are also different in ecommerce**
- **E.g., cost of rural last-mile delivery, cost of low-value item imports, lack of access to digital finance, foreign IP and copyright rules, etc. are now challenges**
- **New solutions are needed**
 - ✓ **Regulations** for digital economy and ecommerce
 - ✓ **“eTrade facilitation”** facilitate low-value shipments and SMEs’ trade compliance
 - ✓ **Export promotion** for digital era: training SMEs to use ecommerce to export
 - ✓ **Export credit** instruments and digital finance for small businesses and transactions
 - ✓ **Data** on digital trade, and on barriers to digital trade – census bureaus and statistical agencies
 - ✓ **Regional digital integration**

Public-private collaboration in A4T, eTrade for All

- Further **public-private policy dialogue** on ecommerce policies and regulations – examples: Bangladesh, Turkey, Chile – and help private sector make proposals
- Pursue **public-private initiatives and co-funding** to undo problems, scale solutions
 - **Private sector seeds, public sector scales** – e.g. many ongoing private sector-led projects have financial, economic, and social returns public sector can tap and scale
 - **Private sector risks and develops, public sector gives a return and owns** - e.g. Social Impact Bonds for ecommerce development
 - **Private sector lends, public sector guarantees** – e.g. FinTech companies offer microcredit to microbusinesses, with guarantees from Export-Import Banks
 - **Private sector provides data, public sector reforms** – e.g. ecommerce platforms can provide data to help customs get comfortable with patterns of ecommerce and target risk