E-commerce and MSMEs: towards more inclusive trade

Session at the Trade and Sustainable Development Symposium (TSDS)

Venue
Bolsa de Cereales Building - Avenida Corrientes 123, Buenos Aires

Time
Monday 11 December 2017, 17:00 to 18:30

Session Description
E-commerce has opened a gateway of new opportunities for micro, small, medium and micro enterprises (MSMEs), to access international markets, find new sources of demand and build value through exposure to new technologies. Supported by social media, digital promotion and e-commerce platforms, MSMEs can promote their products and services to professional buyers and consumers across the world, and build a name for themselves beyond their geographical borders.

Evidence reveals that, in relative terms, women entrepreneurs are significantly more active in e-commerce than in traditional trade. E-commerce therefore has a strong potential to contribute to closing the gender gap in international trade.

Developing countries are taking advantage of e-commerce and e-solutions. According to GSMA, an association of mobile operators, by 2020 there will be more than 700 million smartphone connections in Africa, which is twice the projected number in North America and around the total in Europe.

Beyond this optimistic picture there are challenges, especially for MSMEs in developing countries. Significant barriers exist for these MSMEs to establish an online presence internationally, and opportunities are most often limited to the domestic market. Moreover, firm-level data show that there is a significant connectivity gap for women-owned or managed firms.

There are still far too few e-commerce platforms that operate internationally out of developing countries. Furthermore, logistics costs are relatively higher in developing countries, hindering e-commerce transactions from this group. These challenges matter, because e-commerce offers great potential to deliver economic growth, jobs and entrepreneurial opportunities, both for the MSMEs directly active in the business and in a wide range of supporting services. Absence from international e-commerce is a missed opportunity. It is an important component of modern competitiveness.
Access to digital technologies underpins the ambitions behind many of the UN’s Sustainable Development Goals – and e-commerce can be an important engine for inclusive economic growth, creating jobs for youth and empowering women. Being online levels the playing field when it comes to gender as the share of women-owned firms doubles when moving from traditional offline trade to cross-border e-commerce.

Findings from the ITC MSME E-Commerce Competitiveness Survey and ITC’s contribution to the Aid for Trade at a Glance 2017 on closing the small business and gender gap will be discussed during the session to illustrate the potential for a more inclusive e-commerce ecosystem for MSMEs and for women entrepreneurs in developing countries, and showcase how effective trade policy can help support this.

**Scope of the Session**

International discussions on e-commerce range from trade facilitation considerations in the context of e-commerce in goods to digital considerations such as net neutrality, data localisation requirements and the extension of the moratorium for not imposing customs duties on electronic transmissions. This session will explore how international organizations and platforms can better address the actual concerns MSMEs encounter when doing cross-border e-commerce and how e-commerce could be used as a tool for inclusive trade.

The session will kick off by illustrating the potential for a more inclusive e-commerce ecosystem for micro and small firms, for women entrepreneurs and for developing countries with findings from the publication *New Pathways to E-commerce: A Global MSME Competitiveness Survey*. This will trigger a discussion about the bottlenecks that are more prominent for MSMEs along the four phases typical of a cross-border e-commerce transaction: (1) establishing online business; (2) international e-payment; (3) cross-border delivery; and (4) aftersales.

**Objectives and target audience**

Overall objective: To explore where the focus of e-commerce discussions should be to ensure a more inclusive cross-border e-commerce. The idea is to identify what challenges should be addressed to ensure a higher MSME and women participation in cross-border e-commerce.

Stakeholders involved: MSMEs, providers of enabling services, trade negotiators, and government officials.
Guiding Questions

(1) What are the real challenges that MSMEs encounter when they engage in cross-border e-commerce?

(2) How could the business ecosystem and the national environment be improved for greater MSME participation in cross-border e-commerce?

(3) How can rules set by international platforms or organizations address challenges MSMEs face in cross-border e-commerce?

(4) How can e-commerce contribute to inclusive trade?

Panel Composition

Moderator: Ms. Marion Jansen, Chief Economist, ITC

Panellists:

Ms. Arancha González, Executive Director, ITC

Mr. Alexander Mora Delgado, Minister of Foreign Trade, Costa Rica

Mr. Alioune Sarr, Minister of Commerce, Informal Sector, Consumer Affairs, Promotion of Local Products and SMEs, Senegal

Mr. François Martins, Manager for Government Relations and Public Policy, Mercado Libre

Mr. Chandrajit Banerjee, Director General, Confederation of Indian Industry

Mr. Longyue Zhao, Director, China Center for International Development, Nankai University