



**General Council  
Council for Trade in Goods  
Council for Trade in Services  
Council for Trade-Related Aspects of  
Intellectual Property Rights  
Committee on Trade and Development**

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## **WORK PROGRAMME ON ELECTRONIC COMMERCE<sup>1</sup>**

### **ELECTRONIC COMMERCE AND DEVELOPMENT**

*Non-paper from Brunei Darussalam; Colombia; Costa Rica; Hong Kong, China; Israel; Malaysia; Mexico; Nigeria; Pakistan; Panama; Qatar; Seychelles; Singapore and Turkey*

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1.1. E-Commerce can be and has been leveraged to support development. For one, it has made interactions between consumers and businesses much easier. E-commerce has opened up new opportunities for businesses in developing countries, especially micro, small and medium enterprises (MSMEs), by reducing the cost of doing business, and allowing them to reach a wider market. The consumer experience, whether in the areas of media and entertainment, air travel and tourism, and even taxi rides, has changed over the past few years, thanks to e-commerce. Between businesses, the digital interface allows for more efficient operations and supply chains. The data generated also allows for optimisation and innovation in their business models. All this presents a big well of untapped potential, which could boost economic growth and development in developing countries.

1.2. E-commerce is the new reality for businesses today, including in developing countries. Business to consumer e-commerce is rapidly expanding, particularly in Asia, Latin America, Africa and the Middle-East. For example, in Cambodia, Sabay.com, an online gaming company introduced Sabay Coins (which can be purchased at internet cafes) as a way for its customers to spend online. In Indonesia and Vietnam, SMEs such as Gojek and Nhomua.com have uniquely leveraged on high prevalence of motorcycles on the roads for a whole array of services, from collecting cash on delivery for online transactions to providing courier and motorcycle taxi services via a mobile app. In Africa, a slew of local players such as JamboPay, Ozimbo, PesaPal, Yo!Payments, and Simple Pay have cropped up to facilitate payment via mobile phones. Latin America has seen the rise of its own eBay and Amazon equivalent in MercadoLibre. Flipkart and Snapdeal have emerged as major e-commerce platforms in India, while China's Alibaba has developed a plethora of supporting services including online payment platform Alipay

1.3. For micro, small and medium enterprises (MSMEs), e-commerce presents an opportunity for expansion beyond their own backyards and lowers the high costs usually associated with penetrating foreign markets. This has allowed non-traditional players, such as home-makers and small handicraft suppliers, to enter the market and offer their products on the global marketplace.

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<sup>1</sup> This document was previously issued as JOB/GC/101/Rev.1. This document also adds Brunei Darussalam as co-sponsor.

A report by eBay<sup>2</sup> showed that technology-enabled SMEs had higher trade activity and overall growth compared to traditional SMEs. The report also found that technology-enabled SMEs in developing countries performed just as well compared to similarly sized technology-enabled SMEs in developed economies.

1.4. The future potential for e-commerce utilisation in developing countries is tremendous. According to UNCTAD<sup>3</sup>, the share of global business to consumer e-commerce for Asia and Oceania, and Middle East and Africa, are expected to rise from 28% to 37% and 2.2% to 2.5 % respectively from 2013 to 2018. In Latin America, online retail sales are expected to grow at a compound annual growth rate of 17% between 2014 and 2019.<sup>4</sup>

It is useful to kick-start discussions and identify the e-commerce issues of interest and relevance to developing countries. Some potential areas for discussion include:

**Trade Facilitation and E-commerce**

Cross-border e-commerce often involve low value shipments and/or digital transmissions over the internet. Once within the borders, logistics players also play a big part in ensuring smooth delivery of products. What can be done to further empower smaller business using e-commerce and lower their cost of conducting trade?

**Infrastructure Gaps to Enable E-commerce**

Infrastructure gaps in developing countries have posed challenges (e.g. access to broadband) but also provided innovative opportunities for businesses (e.g. rise of local payment solutions). Is there a way to better target technical assistance towards plugging the critical gaps?

**Access to Payment Solutions**

Being able to find payment solutions is key to whether a business will go online. In the absence of secure online payment services, payment via mobile phones and cash on delivery option have been used. How can we improve businesses' and consumers' access to more payment options to better enable them to conduct and access cross-border e-commerce?

**Online Security**

Trust is a key factor in determining whether consumers are willing to engage in e-commerce. This includes trust in online payment services, the reputation of the online merchant and even in whether there is enough legal protection to provide recourse should a transaction go awry. What can be done to build trust in online transactions and e-commerce and improve consumer protection? Is there scope for improved cooperation between countries on cyber-crime?

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<sup>2</sup> Small Online Business Growth Report: Towards an Inclusive Global Economy, eBay Public Policy Lab

<sup>3</sup> UNCTAD Information Economy Report 2015

<sup>4</sup> The Latin America E-commerce Report, Business Insider Intelligence