



Digitizing Trade

E-commerce, Aid for Trade and ICT

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Agenda

Q1 How is digital changing trade?

Q2 Is e-commerce good for development?

Q3 What can Aid for Trade do for e-commerce?

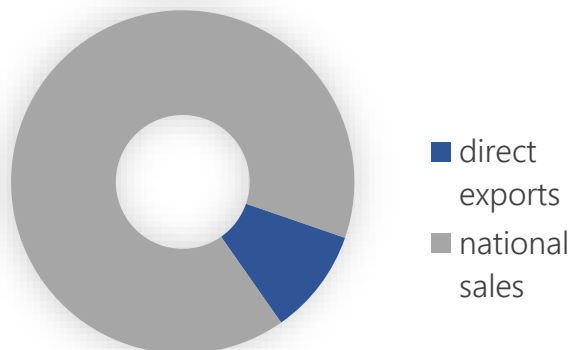
Q1

How is digital changing trade?

Connectivity
Interoperability
E-commerce

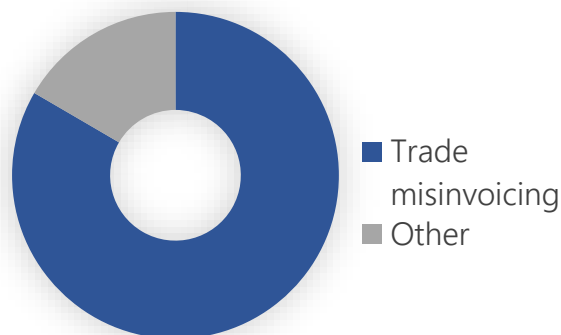
Problems with trade

SMEs do not trade



SMEs only export
10% of total sales
(Developing Asia)

Trade is not transparent



83% of illicit
financial flows
trade-based

Trade is slow and expensive

AFG	243hrs
BGD	147hrs
FJI	56hrs
PRC	21hrs
THA	11hrs
MYS	10hrs
JPN	2hrs

57 hours avg to
fulfill EX doc
compliance

3 trends that are changing trade

Better ICT connectivity



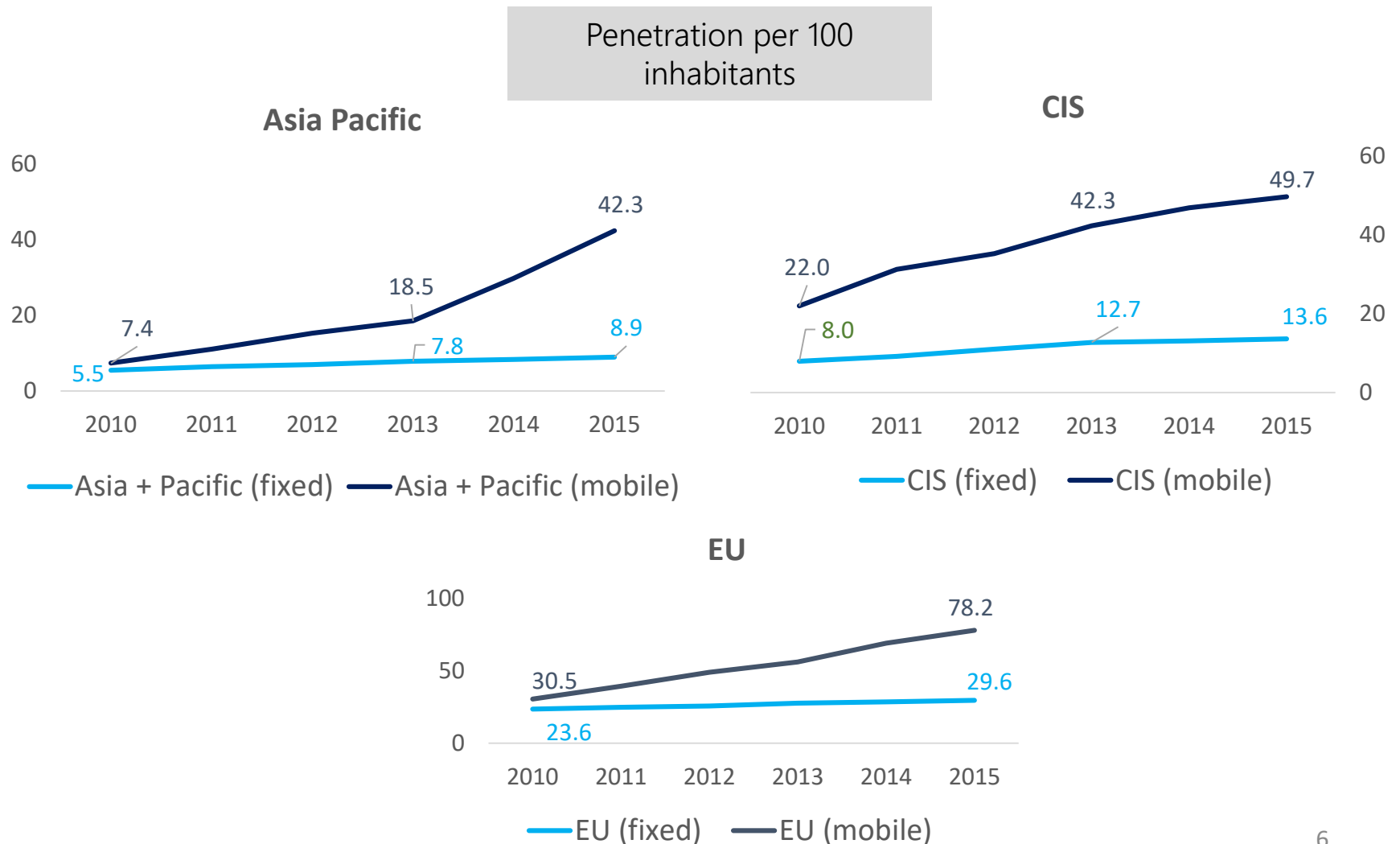
Digitization



E-commerce



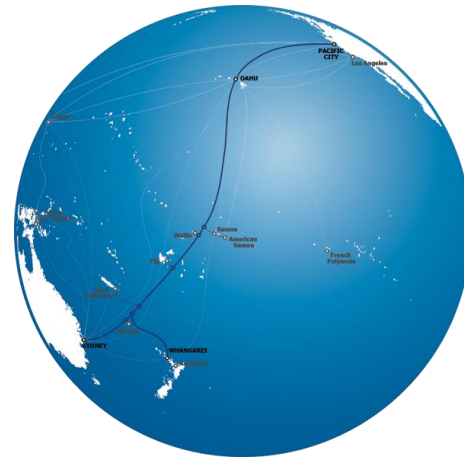
ICT: penetration rates growing



ICT: costs of infrastructure

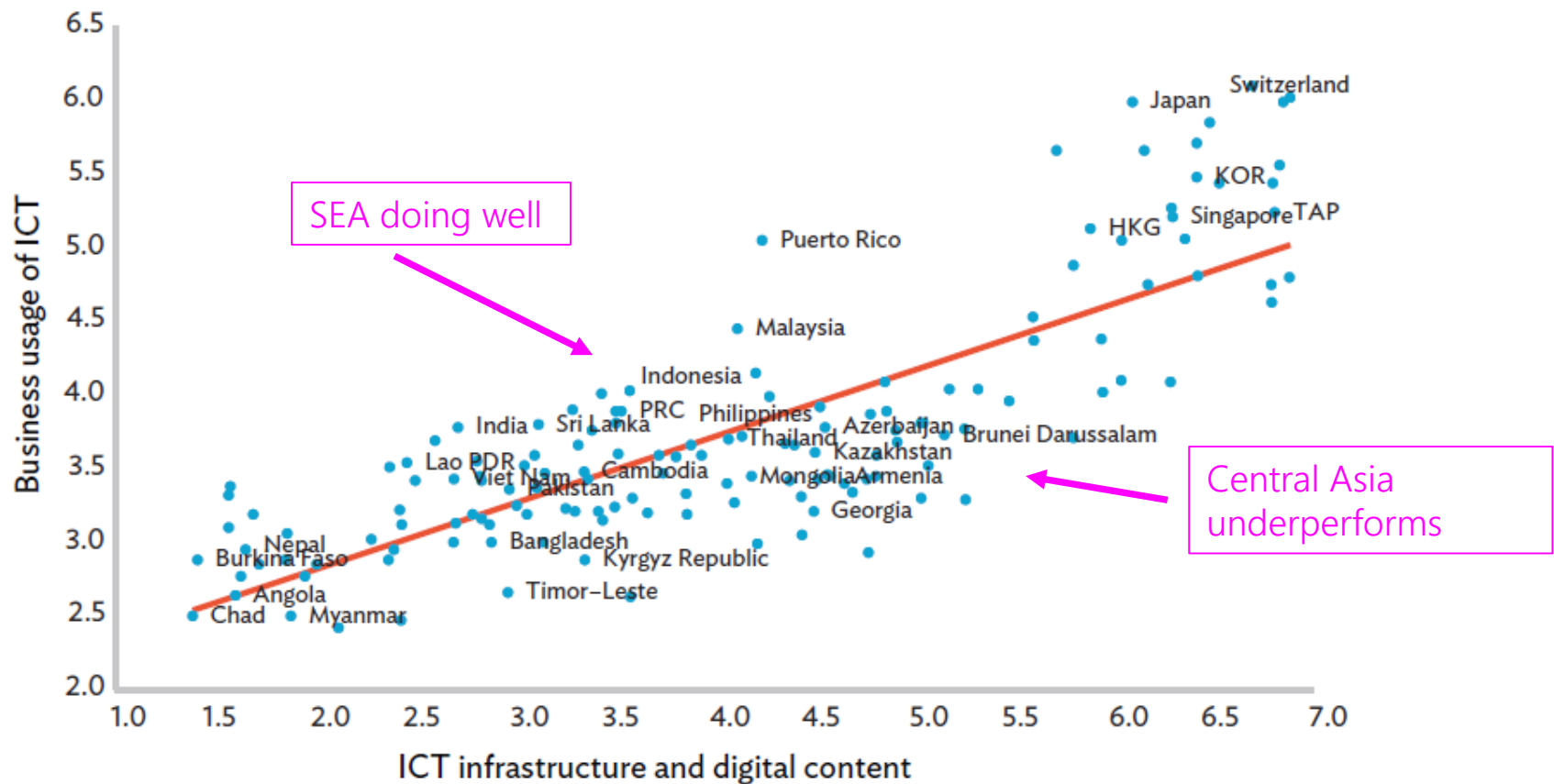


\$100,000
(Myanmar, 2015)



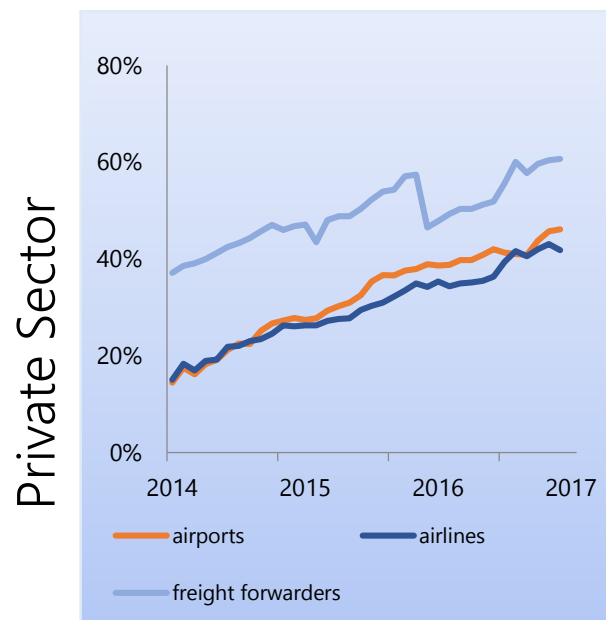
\$32.8 million
(Tonga, 2013)

ICT: business usage inconsistent in Asia

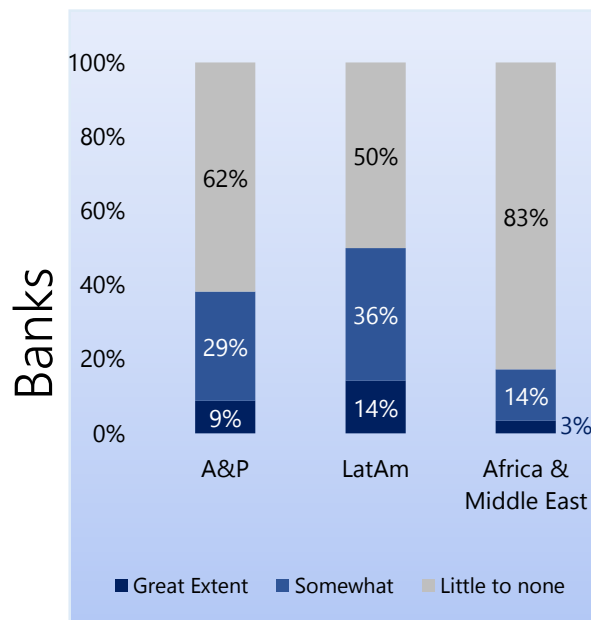


Digital: disruption at all levels

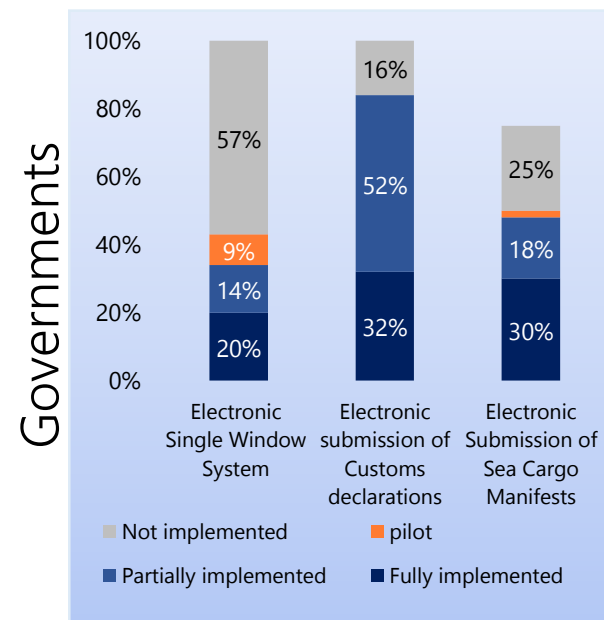
Physical supply chain



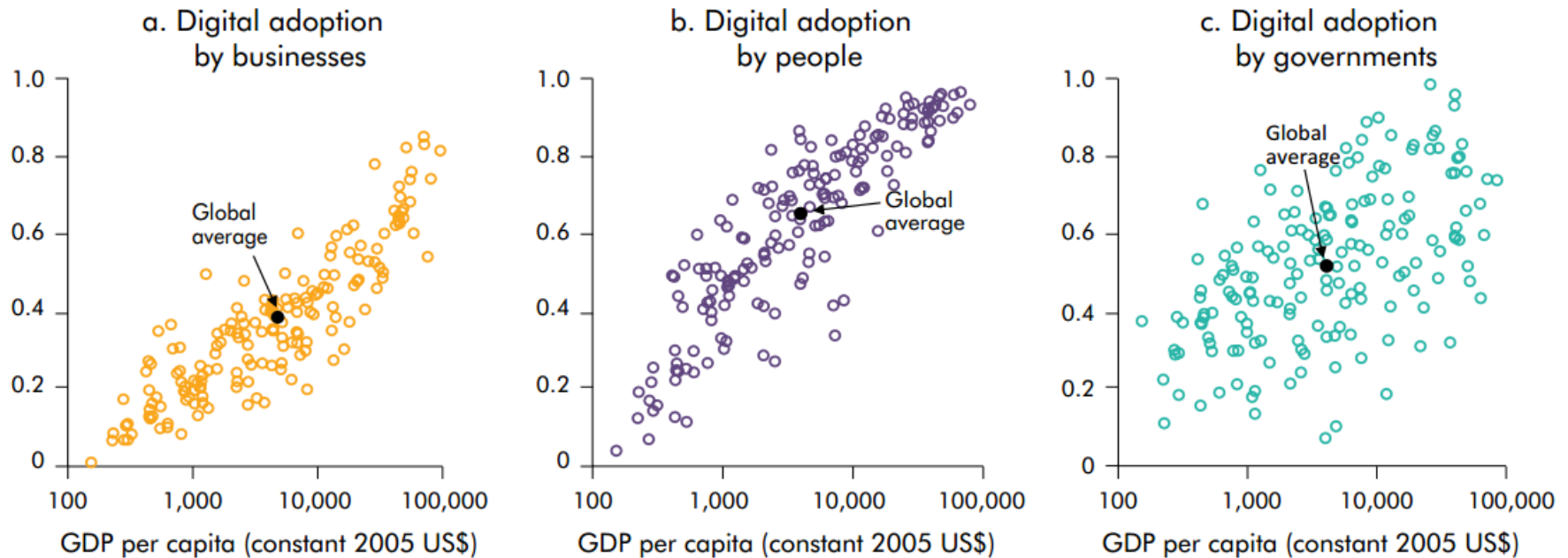
Trade finance



Official documents



Digital: adoption by group



20 years of ecommerce

1995: Amazon's first shipment

- B2C direct sales

1996: eBay

- Online auctions

1999: Alibaba

- B2C sales platform

2000: Baidu

- Search engine



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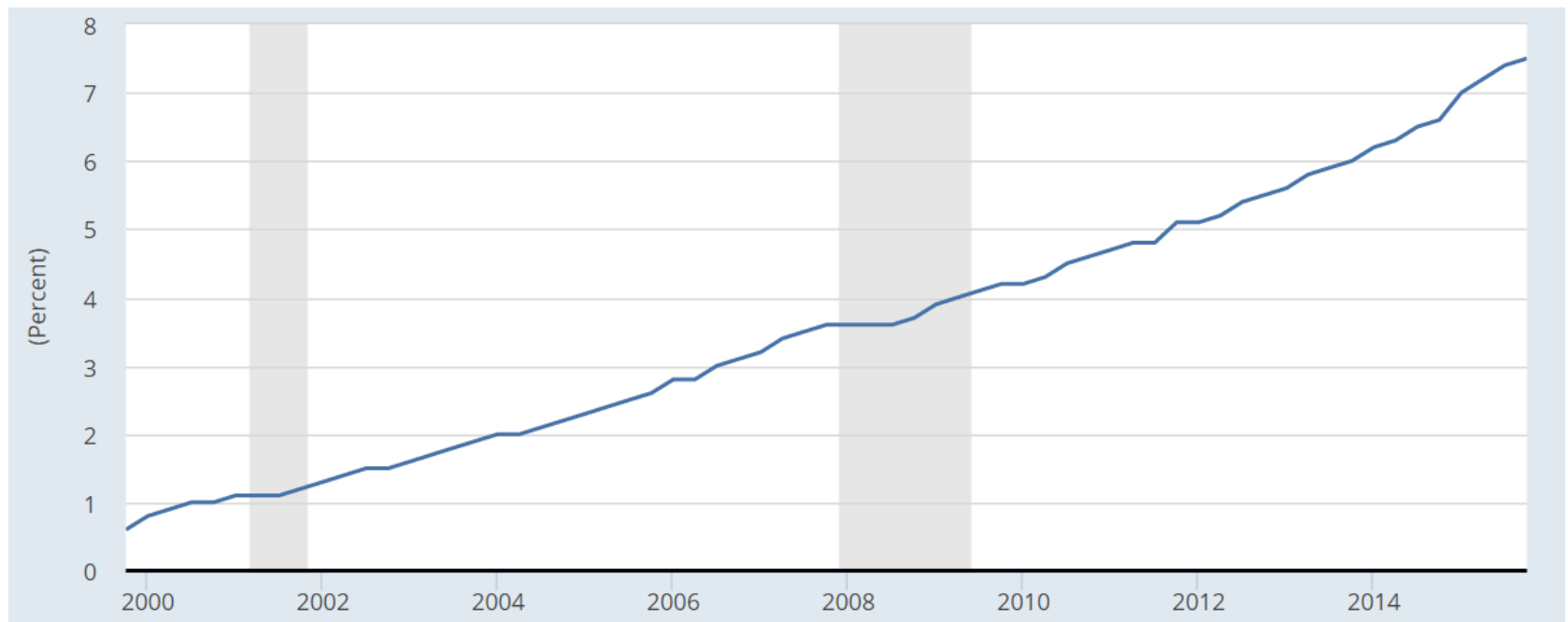
Like to know when that book you want comes out in paperback or when your favorite author releases a new title? Eyes, our tireless, automated search agent, will send you mail. Meanwhile, our human editors are busy previewing galleys and reading advance reviews. They can let you know when especially wonderful works are published in particular genres or subject areas. Come in, [meet Eyes](#), and have it all explained.

YOUR ACCOUNT

Check the status of your orders or change the email address and password you have on file with us. Please note that you **do not** need an account to use the store. The first time you place an order, you will be given the opportunity to create an account.

Ecom: Growth rates (US)

E-commerce retail sales in USA (% total retail sales)



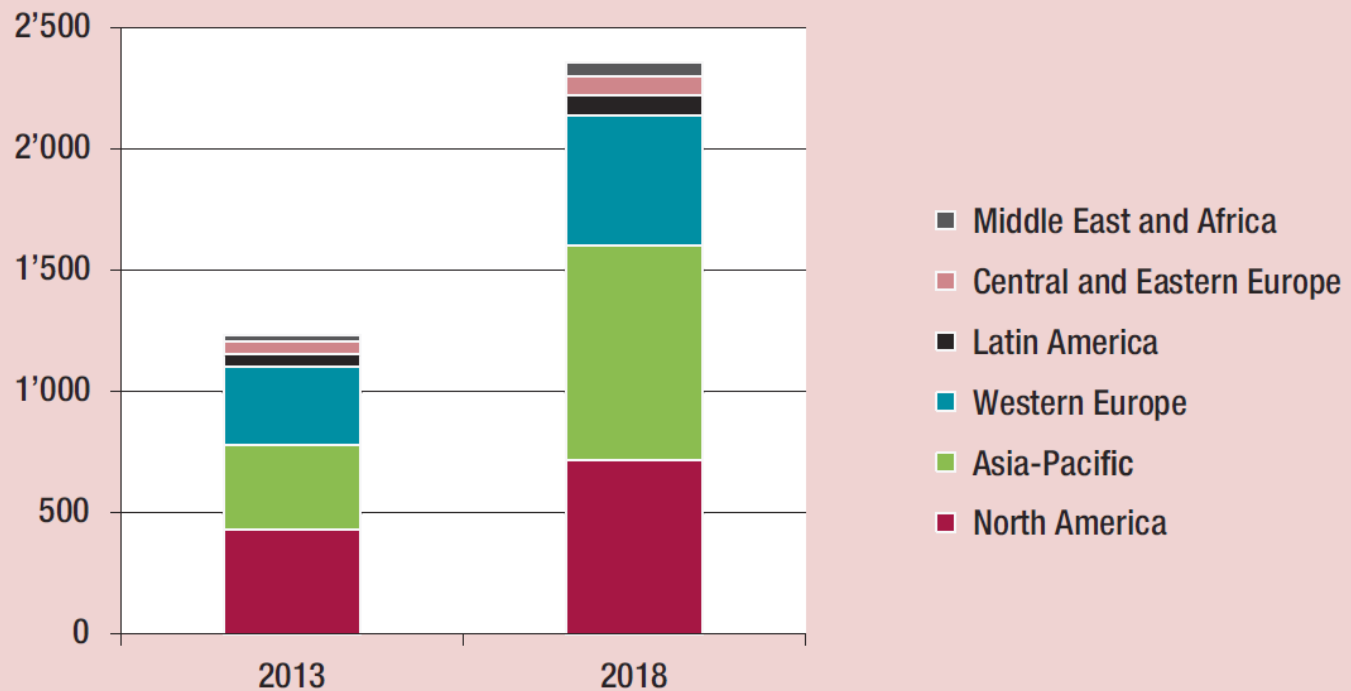
- 2015: E-commerce 7.3% of total retail sales
- 2015 value of e-commerce sales: \$341 billion
 - E-commerce increased 14.6% over 2014
 - General retail increased 1.4%

Ecom: Growth rates (global)

	2014	2015	2016	2017	2018
China	12.4	15.9	19.6	23.8	28.6
South Korea	10.3	11.2	12.1	13	13.9
Japan	5.9	6.7	7.5	8.2	9
India	0.8	1.7	2.6	3.6	4.4
Indonesia	0.8	1.4	2.2	3.1	3.9
Asia-Pacific	8.2	10.2	12.4	14.9	17.6
World	6.3	7.4	8.6	9.9	11.4

Ecom: Asia's share increasing

Global B2C E-Commerce Sales by region



Q2

Does e-commerce promote
development?

SMEs
Women
Finance

Ecommerce \neq traditional retail

Firm behavior

- Reputation systems
- Survival rates
- Export rates

Consumer behavior

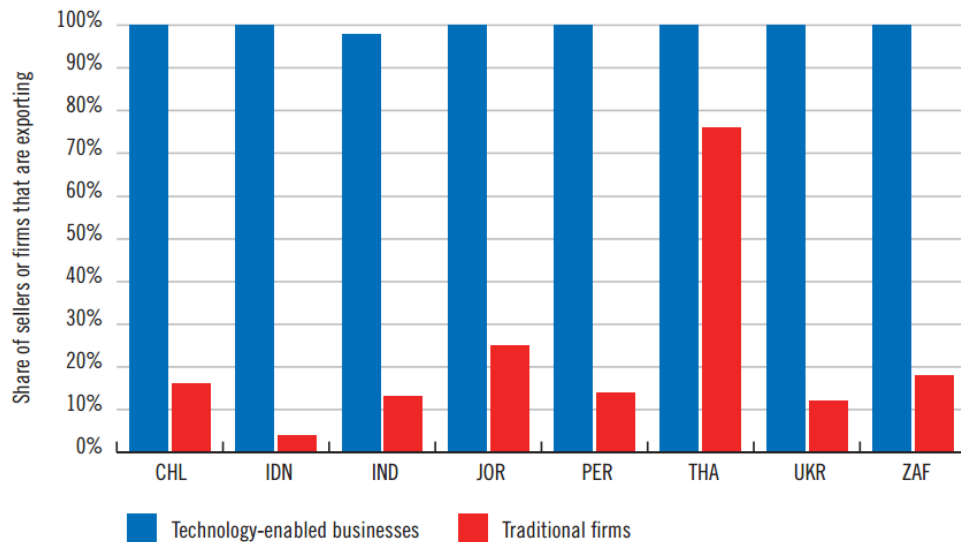
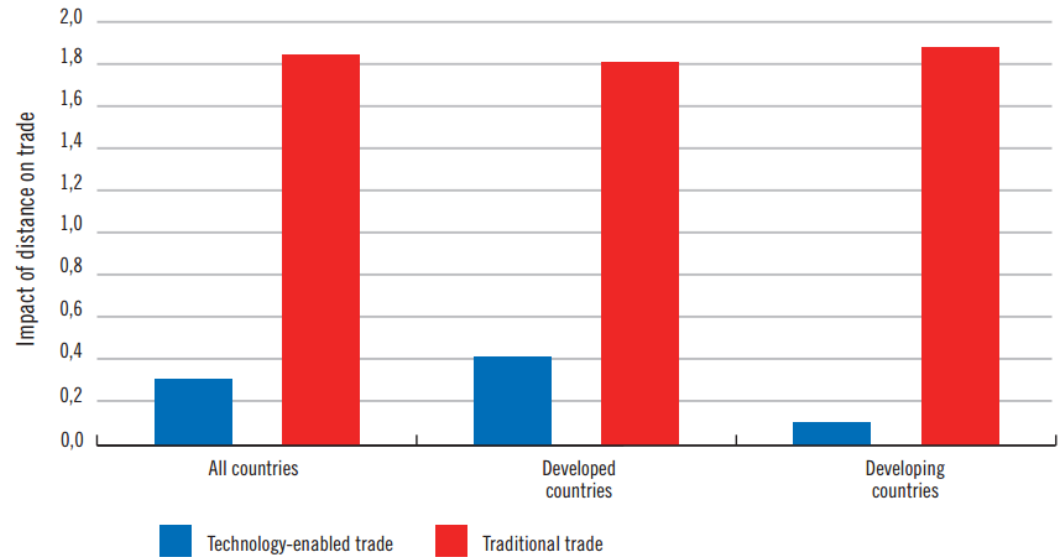
- Non-standard preferences
- Overbidding

Market structure

- Novel market institutions
 - Price comparison engines
 - Consumer auction systems
- Platform dynamics
 - Match quality
 - Promotes scale
 - Pricing reflects network

Exports

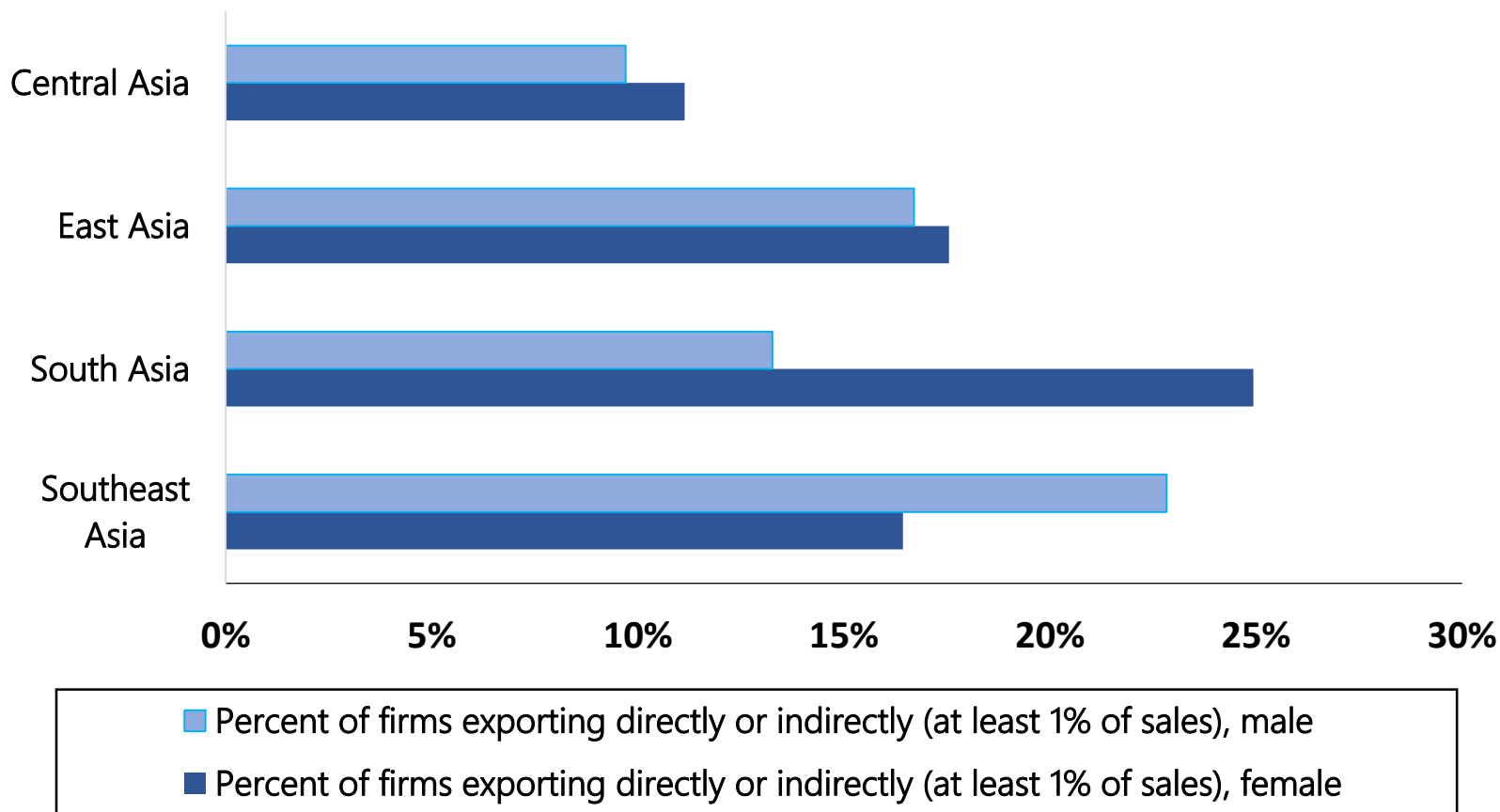
Distance matters 83% less for trade online compared to traditional markets



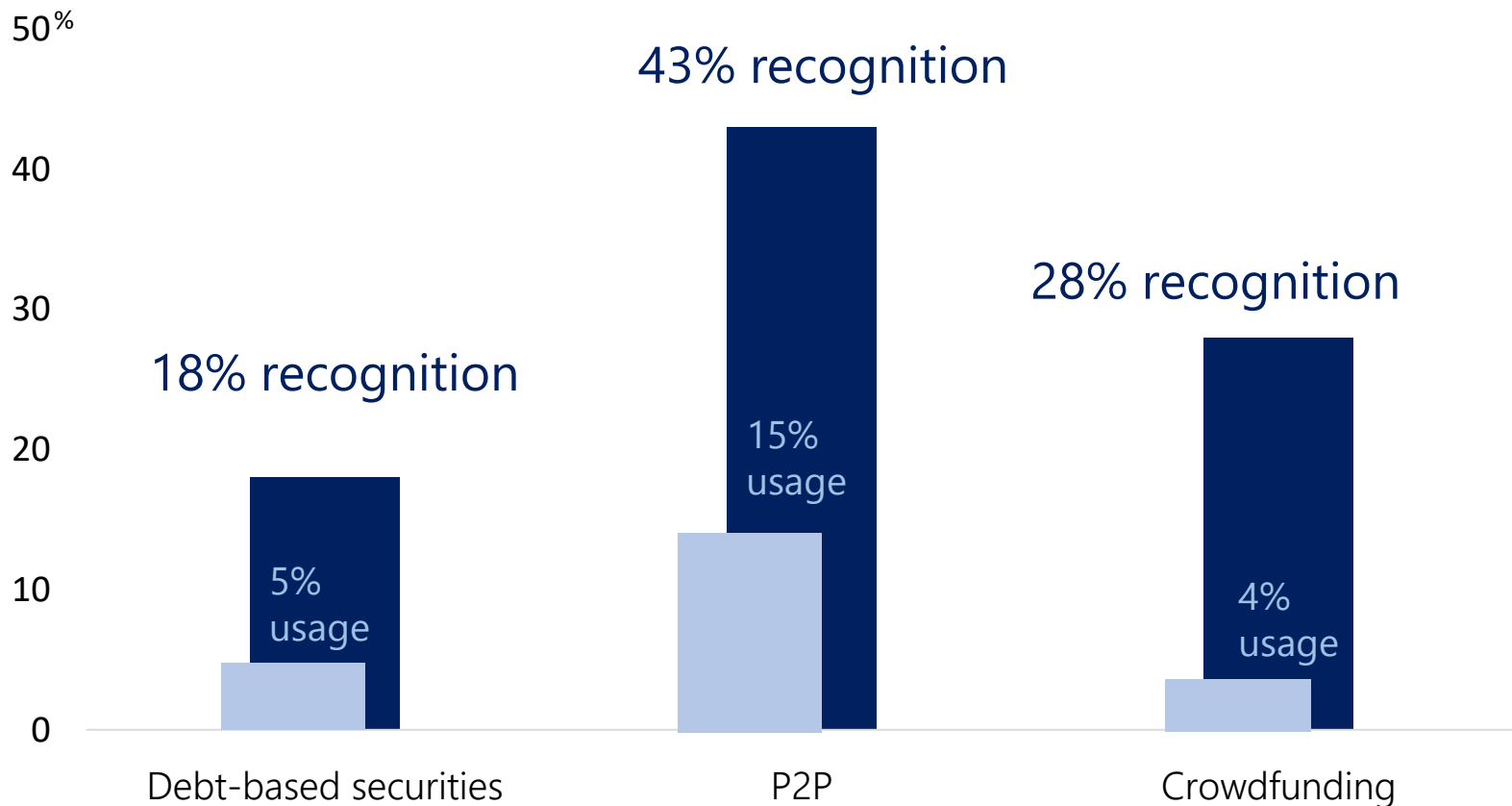
Nearly 100% of online firms export vs .

<20% for traditional firms

Women's export participation (% firms)



Fintech provides working capital to SMEs



Q3

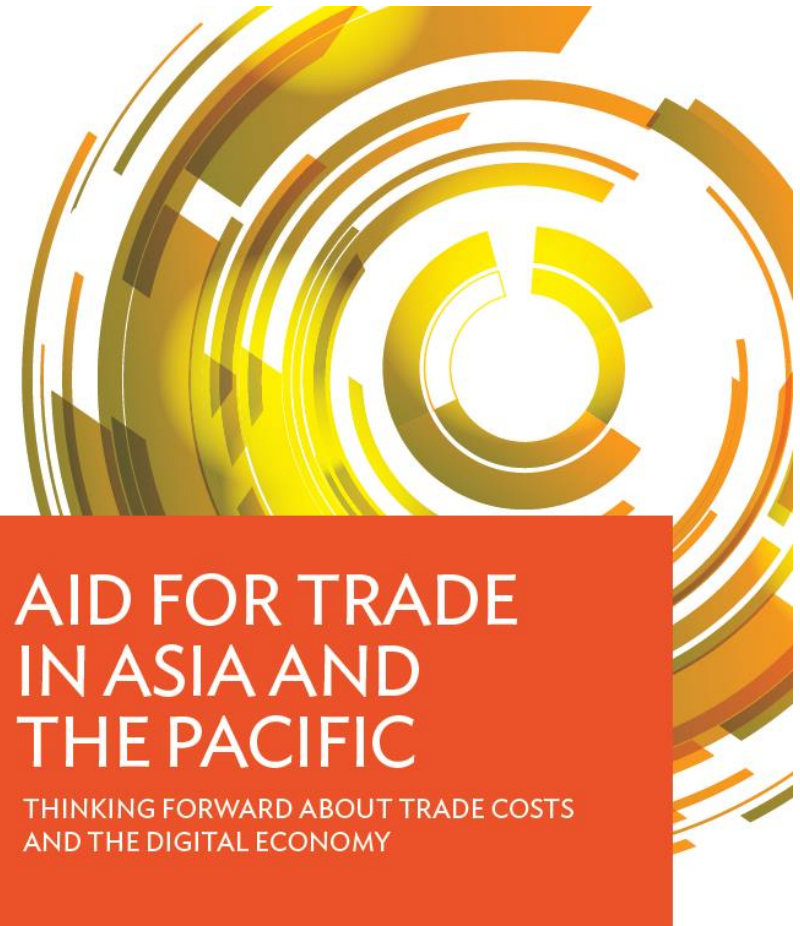
What can AfT do for e-commerce?

ICT infrastructure
Trade facilitation

2015 AfT Report

5 main conclusions

- AfT promotes connectivity
- Trade costs are trending down
- Pacific exporters are focusing on niche exports
- Ecommerce has potential to support SMEs
- Women-led firms excluded less in ecommerce



AfT

- Development assistance to reduce the costs of trade
- Some donors have special lines of assistance (ADB does not)
- Progress monitored every 2 years by WTO process (Global Review of Aid for Trade)

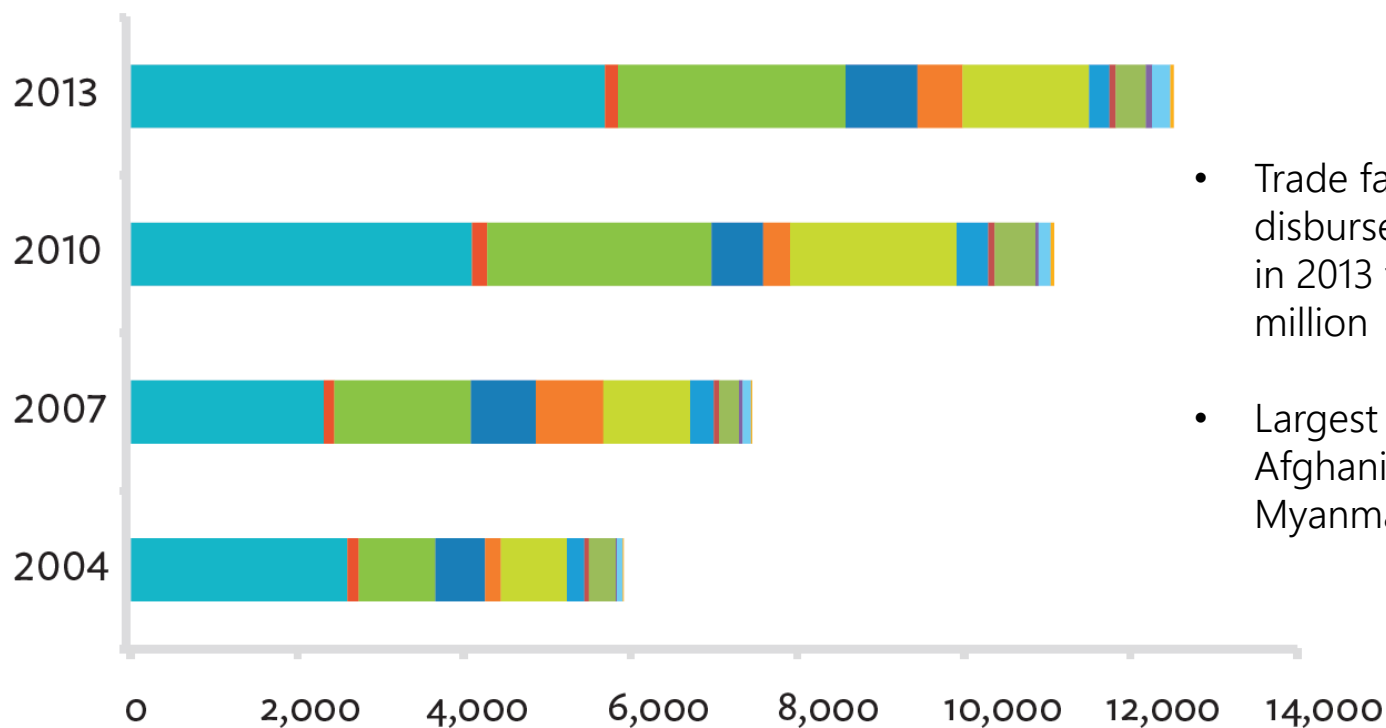
ADB (2000-2013)

547 AfT related projects

- 36 in PRC
- 34 in Viet Nam
- 31 in Bangladesh

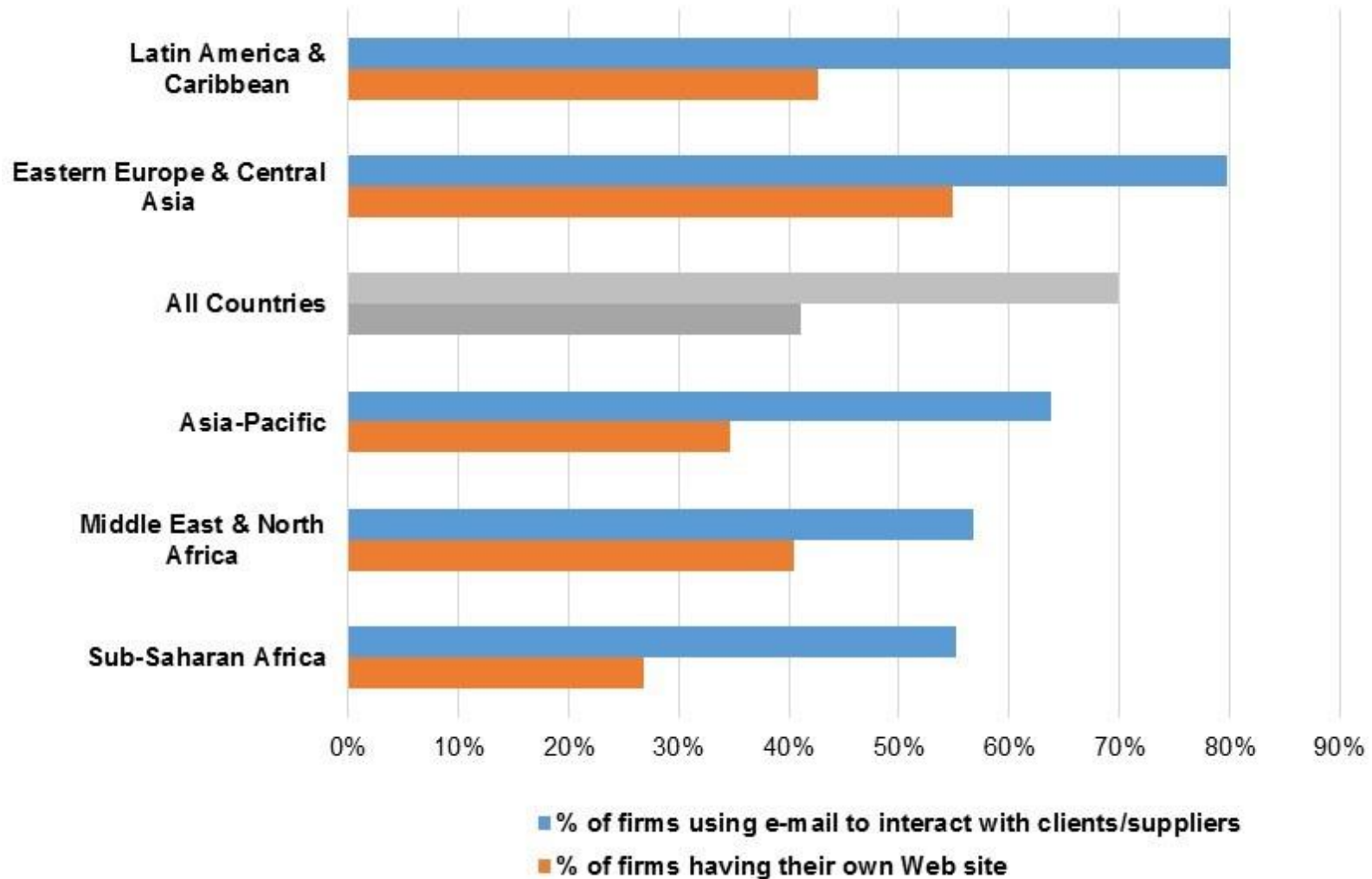
\$17.67 billion

AfT Disbursements in Asia

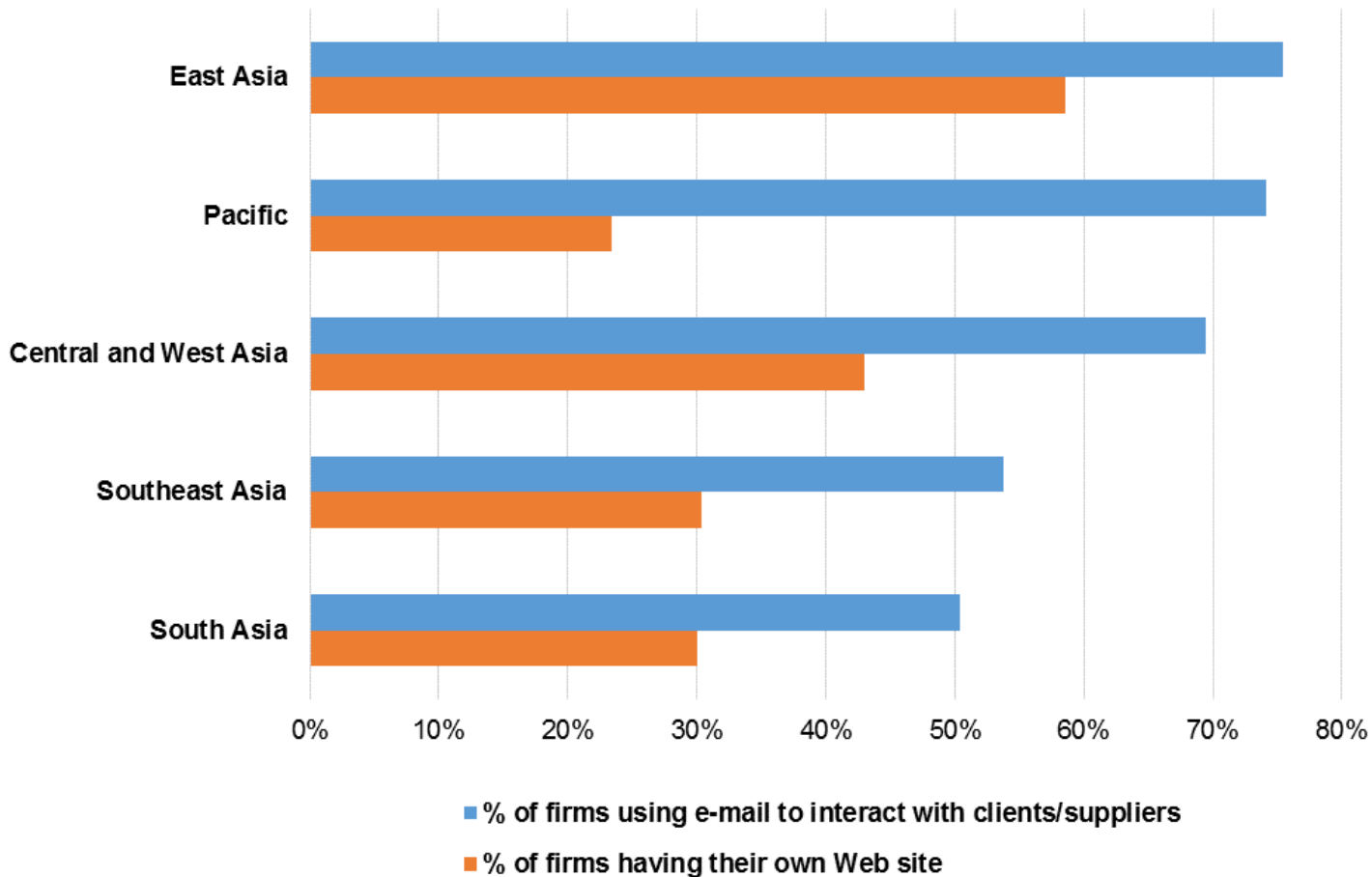


- Trade facilitation disbursements doubled in 2013 from \$77 to \$155 million
- Largest recipients: Afghanistan, Pakistan, Myanmar, Viet Nam

Asia slow in moving firms online



30% firms in SEA have own website



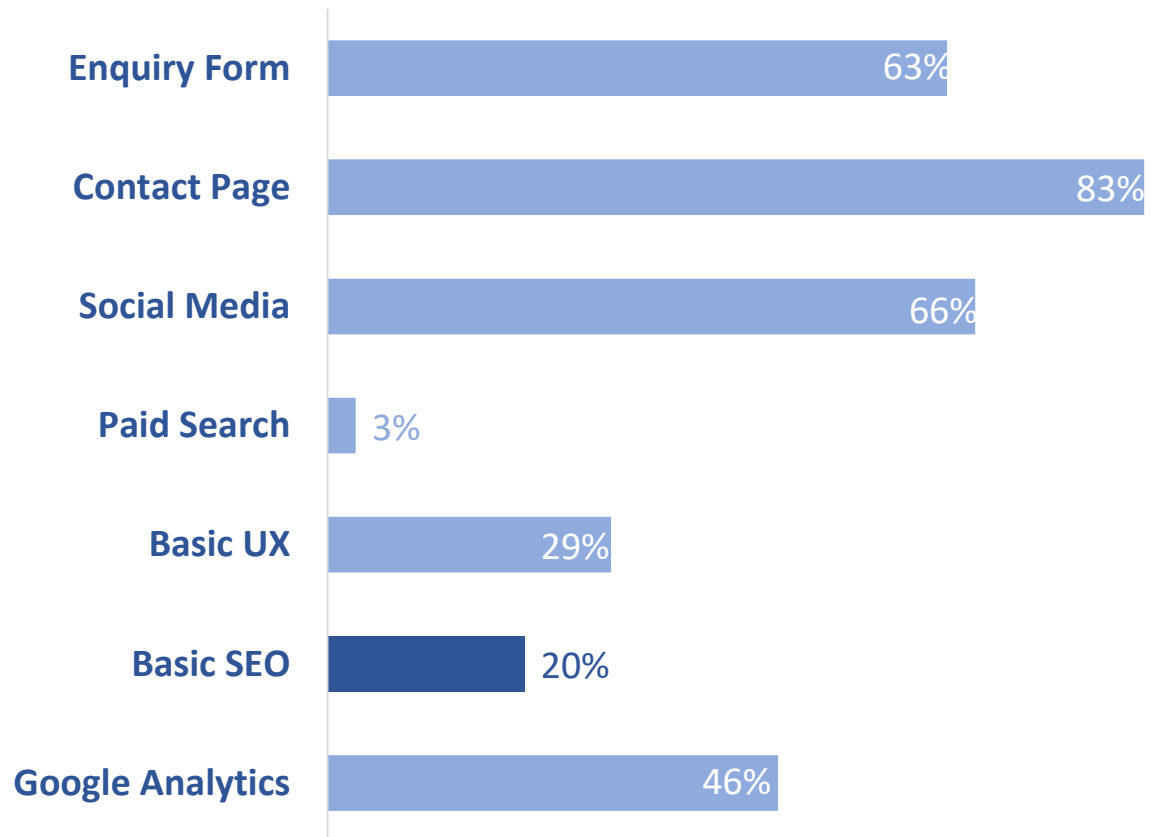
The needs of small exporters are different

- Postal shipping times
- Warehousing
- Air transport
- ICT connectivity

Firms are not optimizing online

Prevalence of digital marketing basics
among Samoan firms

- **Low visibility**
 - 20% are searchable
 - 30% enabled transactions
- **Social media not integrated**
 - 11% of firms have websites
 - 66% have FB pages



The bottom line

Digitalization isn't going away.

- Governments automating trade
- Banks digitizing
- Private sector eDocs

Ecommerce engages SMEs and women.

- Online firms export more
- Online platforms ease export process
- WLFs use fintech more intensively
- Fintech targets SMEs
- Digital footprints matter

AfT is targeting connectivity

- MDBs investing more in trade facilitation
- Going beyond ICT infrastructure
- WTO is trying to find a role in ecommerce
- eTrade for all initiative
- 2017 focus on connectivity