

## **eCommerce for development**

**09 December 2016**

### **Pakistan Commerce Minister Statement**

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Ms. Arancha **Gonzalez**, Executive Director, International Trade Centre.

Excellencies, Ladies and Gentlemen,

Very warm welcome to all of you to this Seminar on “Ecommerce for Development”. Victor Hugo said “**Nothing is more powerful than an idea whose time has come**” This holds very true for Ecommerce.

Ecommerce is an inescapable fact of life, it has grown beyond our imagination. The digital economy has emerged as an unstoppable giant that is growing at 10 percent a year, more than triple the rate of overall global economic growth.

Digital is no longer a part of the economy — it *is* becoming---the economy.

Internet revolution contributes 8% of global GDP, The development of mobile broad band holds the promises to brings billions more on line, thus narrowing the digital, economic, physical and educational divide, The internet of things or internet of everything has the potential of contributing \$11 Trillion to global GDP by 2025. Internet related consumption and expenditure has already surpassed the size of the global agriculture and energy sectors. But only a small proportion of this is happening in LDCs and developing countries.

Excellencies,

It was this reality which motivated our group of like-minded countries to launch, Friends of Ecommerce for Development. Key motivation being to narrow the knowledge gap, that exists between members in understanding and appreciating different dimensions of Ecommerce.

Today's seminar is first major initiative of Friends of Ecommerce for Development, rather I would say it is a joint initiative of "Friends" of Friends of Ecommerce for Development. This event has only been possible through exemplary support of WTO, UNCTAD , ITC, World Bank and all members of the group namely Costa Rica, Argentina, Sri Lanka, Nigeria and Kenya. We welcome on board, Uruguay our new partner.

Ladies and Gentlemen, an over view of today's agenda clearly acknowledges two things, Ecommerce is multidimensional and multi-agency---- and it requires very close private public partnership, and inter agency coordination.

The prime objective of this seminar is to debate the opportunities and challenges offered by Ecommerce for LDCs, Land Locked Countries and Small Island economies in particular, and Developing countries in general.

Considering the complexities of e-Commerce, we need more engaged and structured discussions in form of seminars and workshops, so that members particularly developing and LDCs get better understanding of challenges and opportunities associated with e-Commerce and identify areas of work catering for their interests. We would specially suggest more engaged interaction between experts in the technologies, and how they impact trade and trade negotiators in order to bring out and understand all the challenges associated with digital economy for developing and LDC members.

We the Friends of Ecommerce for Development believe, that e-commerce provides an opportunity for developing country and LDC enterprises to overcome some of the logistical and geographic challenges they face in terms of access to markets. Digital trade allows many small enterprises to participate in the global market. Ecommerce and MSMES are inextricably linked.

Used well, e-commerce is a real development tool, an enabler.

Ladies and Gentlemen

The vital link between trade and development is enshrined in the WTO agreements; they provide special provisions for developing countries, which comprise of almost 75% of WTO membership. The WTO has provided more and more developing countries with a seat at the table – where their voice is heard just as loud as any other, and they play a key role in managing the system, shaping its agenda, and negotiating its agreements. The development dimension is essential for an inclusive rules-based Multilateral Trading System. Ultimate aims of trade policy and trade rules must be poverty reduction, growth, welfare and development that work for all members of the global economy.

The internet, more than anything else will define the 21<sup>st</sup> century business environment, in present day and age people no more go on line, they are 24/7 online. By end of year-- half of world's population will be on line, in developed world 80% use internet, but only 40% in developing and less than 15% in LDCs are online. In many African countries one person in 10 is on the internet. This off line population is mostly female, elderly, less educated and poorer and mostly in

rural areas. Of 4.4 billion people offline, 3.4 billion live in just 20 countries, and one billion of this 3.4 B are illiterate.

According to latest UNCTAD B2C ecommerce Readiness Index, developed world has a score of 71, Latin America 42, Developing Asia 38 and Africa 24. This shows that some have ability to capture a disproportionate share of “digital dividends”. Key message is that we are digitally a multispeed planet. Particularly from a development perspective, it is critical that we focus on the development dimension of e-Commerce.

But despite the digital divide, Ecommerce provides unprecedented opportunities for growth, development and innovation. Global Value Chains (GVCs) and ecommerce are linked, rather GVCs are turbocharged by ecommerce.

Pakistan is acutely aware of the high growth of e-Commerce , and its potential to address development deficit. During last two years, after auction of 3G/4G spectrum, the consumers using Broad band on mobile, have increased from 3 to 37 million. Our broadband penetration rate is doubling every single year since 2013. The Global Findex report shows Pakistan as the leader in mobile banking transactions in South Asia, having 133 million mobile phone subscribers and 11% of them use mobile phones to carry out financial transactions. E-Commerce in Pakistan is expected to reach \$1 billion by 2020. Our legislature is working hard to

update the rules and regulations governing digital trade.

In a national consultation held last month in Pakistan, our stakeholders said **“we have missed the plastic phase of ecommerce revolution; we cannot afford to miss the mobile digital phase of ecommerce”**. They identified **efficient, frictionless and low cost payment systems and consumer trust and protection as key to Ecommerce in Pakistan.**

### **Excellencies:**

We are in an era where people no longer go on line; they are 24/7 on line. Destiny of our society is digital. Internet is the most important infrastructure of our time, rather it is infrastructure of infrastructures. Internet is a Global Good, and a Global Common. The challenge is how to mutually benefit from this Global Good that is Internet, and its role in Trade.

Excellencies,

In our view, Internet giants have too much influence and market share, and the ability to quash local competitors. We have to consider that global digital platforms do not abuse their dominant position.

**The P 5 or superpowers of 21<sup>st</sup> Century are Amazon, Google, Facebook, Ebay and Alibaba.**

Promoting fair competition between online and offline services is critical for developing countries. The gains from the digital revolution have not been shared widely. Digital technologies can be transformational by promoting inclusion, efficiency, and innovation, but if digital economy is not accessible, affordable and open, it will result in inequality, control and concentration

There are huge challenges facing developing and transition economies in reaping the gains from e-Commerce. These challenges include poor infrastructure, inadequate logistics, low adoption rates of information and communications technology, outdated legal and regulatory frameworks, and lack of payment solutions and financing, and huge national deficit in digital skills needed for E-economy. The UNCTAD index clearly shows that the capacity and ability to engage successfully in e-Commerce varies significantly among countries.

Excellencies ,

A key domestic challenge is that Ecommerce requires integral view and multi-agency and multi-stakeholder approach. After the Etrade for All launch, when I did a national stock take, I found no focal agency responsible for Ecommerce. We

have now set up an Ecommerce Policy Unit in the Ministry of Commerce, A National Advisory Council on Ecommerce, with substantial private sector representation, and recently our Prime Minister set up a National Ecommerce Policy Board, headed by Finance Minister with Ministries of IT, Commerce, Central Bank and Federal Board of Revenue as Members. A key lesson is that ecommerce requires new institutional architecture and traditional institutions won't work.

We have with us today--- heads of all the major Trade related Geneva Institutions, and look forward to an enriching discourse on Ecommerce and Development.

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