

Work Plan for Promoting E-commerce to Globalize MSMEs¹

Proposed by Korea

Background

The development of information and communication technology (ICT) and the Internet is leading to the unprecedented growth of electronic commerce (e-commerce) globally. According to the WTO, as of 1999, one quarter of an estimated 300 million Internet users had made online purchases worth approximately US \$110 billion from e-commerce sites. In 2013, global business-to-consumer (B2C) e-commerce sales are expected to have passed the US \$1.25 trillion mark.

Moreover, the emergence of new types of trade via the Internet, especially the mobile Internet, enables micro, small and medium-sized enterprises (MSMEs) to directly access consumers overseas more easily at lower trade costs. E-commerce can serve as an important vehicle for MSMEs to participate in the global market along with global value chains, contributing to the achievement of sustainable and inclusive growth within the Asia-Pacific region.

APEC has long recognized the potential of e-commerce to expand business opportunities and facilitate greater participation by MSMEs in global commerce. APEC Leaders and Ministers adopted the Blueprint for Action on Electronic Commerce in 1998 and established the Electronic Commerce Steering Group (ECSG) in 1999.

However, despite the new growth opportunities created by e-commerce, when MSMEs try to export their goods or services via electronic means, they still face many barriers and difficulties in areas such as creating online shopping malls and using online platforms, logistics, and payment systems. MSMEs usually do not have sufficient level of capacity to overcome those barriers and difficulties. Therefore, the APEC member economies should cooperate to create regulatory and policy environment conducive to promoting MSMEs' participation in cross-border e-commerce, while promoting mechanisms that can contribute to conducive environment for e-commerce.

In this context, e-commerce has been chosen as one of the priority areas for cooperation under the Boracay Action Agenda to Globalize MSMEs (BAA) endorsed at APEC MRT in 2015. The implementation plan for the BAA has set "identify and promote policies and regulatory frameworks for creating conducive environment for e-commerce and address unnecessary regulations that constrain the ability of MSMEs to participate in e-commerce" as one of the priority actions.

The APEC Ministers also recognized the important role of e-commerce as a vehicle for MSMEs to participate in the global market. APEC Business Advisory Committee (ABAC) also provided a valuable input for future cooperative efforts in their report to Leaders, titled "Driving Economic Growth Through Cross-Border E-Commerce in APEC." Against this backdrop, the ministers welcomed the proposal "Promote E-commerce to Globalize MSMEs" and instructed implementation of the project from 2016.

¹ In this project, e-commerce is understood as commercial transaction of physical products conducted electronically over the Internet such as B2B or B2C e-commerce.

Objectives

- Identify possible barriers and difficulties that constrain the ability of MSMEs to participate in cross-border e-commerce in regulatory and policy perspectives.
- Explore ways to address the identified barriers and difficulties and promote policies and regulatory frameworks that can contribute to conducive e-commerce environment
- Develop a set of recommendations that can guide development of APEC-wide capacity building projects aiming at globalization of MSMEs through e-commerce

Proposed Activities

Activities

- Conduct literature review to identify key areas² where barriers and difficulties may exist and policy actions are needed to promote MSMEs' participation in cross-border e-commerce
- Carry out stocktaking of previous APEC-wide efforts and their outcomes on cross-border e-commerce in various working-level fora as resources for further analysis
- Conduct survey or focus group discussion with policy makers and other stakeholders in the APEC economies to complement outcomes of the literature review
- Collect successful cases and best practices in terms of creating better policy environment for cross-border e-commerce

Through the activities, this project will seek to (1) evaluate the impacts of e-commerce policy and regulation within a domestic framework and international framework, (2) find ways to mitigate negative impacts while facilitating positive impacts of the e-commerce policies and regulations, and (3) take into consideration emerging new technological trends in e-commerce.

Also, the project proponent will (1) closely collaborate with APEC PSU in accordance with the attached Terms of Reference, (2) seek consensus among the APEC economies in identifying barriers to cross-border e-commerce, and (3) closely cooperate with related APEC fora including ECSG, SMEWG, Ad Hoc Steering Group on the Internet Economy and others.

Key Deliverables

- Policy report integrating the outcomes achieved from the proposed activities
- A set of recommendations as appropriate which can be used to guide development of capacity building projects in APEC to globalize MSMEs via cross-border e-commerce

Timeline

The proposed activities will be carried out through 2016 and 2017. The project proponent will update on progress at CTI3 and submit a short progress report to CSOM/AMM in 2016. The final deliverables will be submitted to CSOM/AMM in 2017.

² Key areas may include a wide range of traditional and newly emerging areas that can have impact on cross-border e-commerce.

Beyond 2017, the project proponent proposes that CTI to develop a range of capacity building projects to implement one or more recommendations presented by this project. In this stage, cross-fora cooperation and collaboration will be sought within APEC.