



# Logistics and e-Commerce:

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## eCommerce

- The ability to review, select, order and pay online



## Logistics

- The delivery of an item from the manufacture to the consumer, and perhaps back again, in a seamless process



# Global e-commerce sales grew 13% in 2017, hitting an estimated \$29 trillion

Top ten countries by E-commerce sales, 2017

Rank	Economy	Total (\$ billion)	As a share (%) of GDP	B2B (\$ billion)	Share (%) of all e-commerce	B2C (\$ billion)	Annual average spent per online shopper (\$)
1	United States	8,883	46	8,129	90	753	3,851
2	Japan	2,975	61	2,828	95	147	3,248
3	China	1,931	16	869	49	1,062	2,574
4	Germany	1,503	41	1,414	92	88	1,668
5	Korea (Rep.)	1,290	84	1,220	95	69	2,983
6	United Kingdom	755	29	548	74	206	4,658
7	France	734	28	642	87	92	2,577
8	Canada	512	31	452	90	60	3,130
9	India	400	15	369	91	31	1,130
10	Italy	333	17	310	93	23	1,493
	<b>Top 10 Total</b>	<b>19,315</b>	<b>36</b>	<b>16,782</b>	<b>87</b>	<b>2,533</b>	<b>2,904</b>
	<b>World</b>	<b>29,367</b>		<b>25,516</b>		<b>3,851</b>	

Source: UNCTAD.

# Global online shoppers (million), 2015-2017



- Though most internet buyers purchased goods and services from domestic vendors, the share of those buying from abroad rose from 15% in 2015 to 21% in 2017. The growth was driven mainly by an increase in the United States.

UK consumers were still the most likely to shop on the internet, with a whopping 82% of people aged 15 and older making purchases online in 2017. Overall, however, China had the largest number of internet buyers at 440 million.

# Data & Digitalization



## Trends

- Internet of things (IoT),
- Big Data,
- 3D-printing and
- Artificial intelligence (AI),

## Concerns

- Security (e.g. viruses, identity theft),
- Privacy (e.g. leaks),
- Ownership and use of data

# Challenges

- Limited Internet use by SMEs and consumers
- Lack of awareness within governments and regulators
- Insufficient access to affordable ICT infrastructure
- Inadequate trade logistics and facilitation
- Weak legal and regulatory frameworks
- Lack of security and trust in online transactions
- Inadequate online payment facilities
- Lack of financing opportunities
- Limited e-commerce skills among enterprises
- Absence of statistical data on e-commerce
- “Gig” economy
- Cross-border traffic
- Sustainable transport



# ...(cont.)Challenges

## Payment

- Many emerging economies still have consumers with a high preference for cash. In particular, in sub-Saharan Africa, only 34% of residents over the age of 15 have a bank account, and 50% of e-commerce transactions are paid by “cash on delivery” (COD).
- Handing cash over to the delivery driver incurs a very high return rate, especially on cross-border transactions where the transit time is far longer.

## Returned items

- UPS estimates that the costs associated with returns it processes range from 20% to 65% of the total value of the goods sold, depending on the commodity involved.
- There is no international “consumer protection agency”

# Digitalization in Maritime Transport: Ensuring Opportunities for Development



- The combination of enhanced digital and physical connectivity will help carriers, seaports and intermodal transport providers integrate their processes with the shippers' own globalized supply chains, providing a better visibility of shipments at any given time.

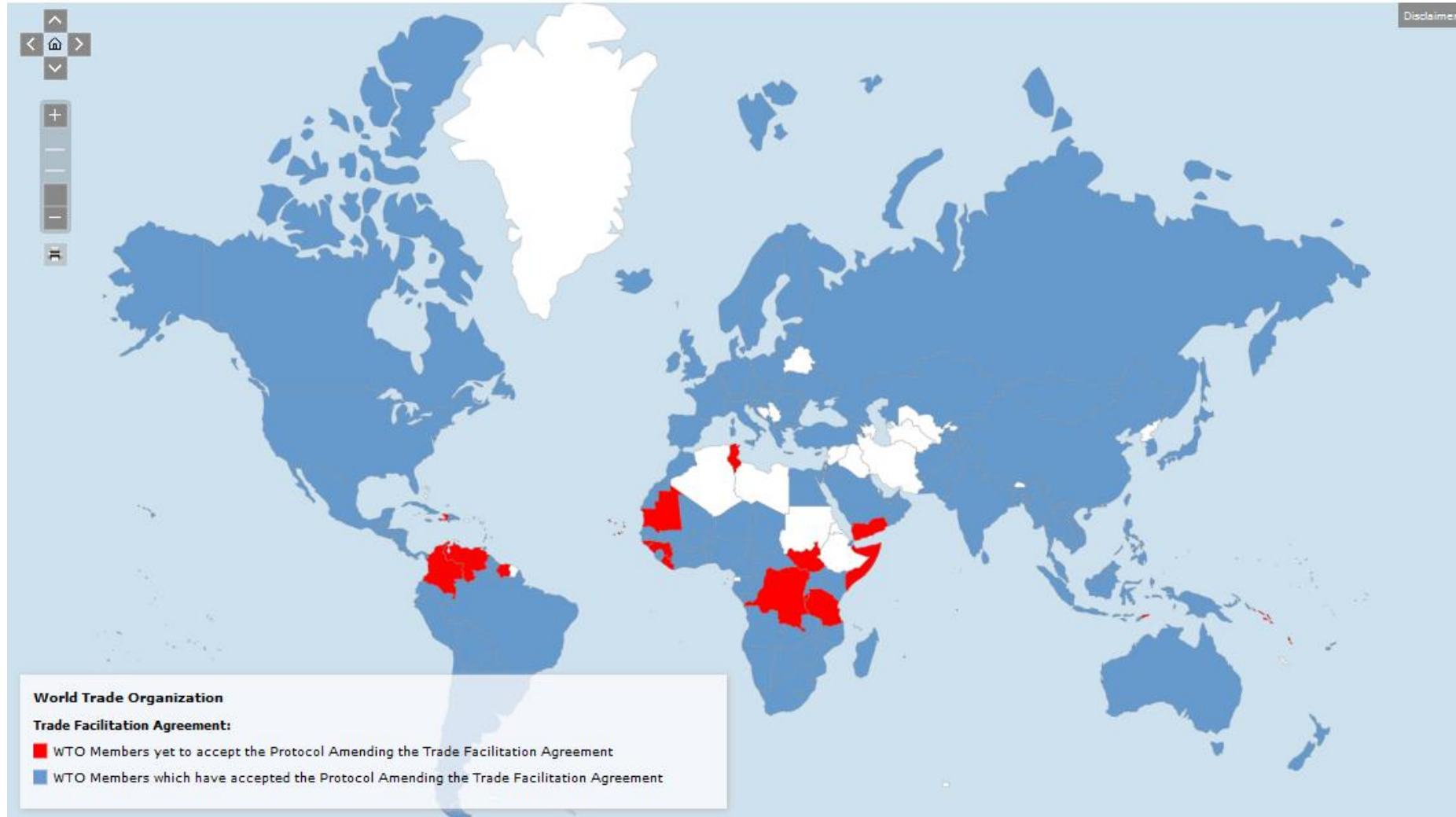
# The 3 Stages of digitalization in maritime transport

1. Optimization – maximizing efficiency and reliability in existing processes to reduce the costs of trading.
  - fast, reliable and just-in-time deliveries
  - Port-call optimization, by optimizing vessel speeds and routes, can reduce carbon-dioxide emissions and waiting times in ports.
2. Extension – moving beyond efficiency to produce opportunities for new services and businesses.
  - blockchain technology for bunkering, cargo tracking, smart capacity-management platforms, circular ship recycling and waste management, crew recruitment and market allocation.
3. Transformation – reinventing logistics, trade and business models, based on data-driven revenue streams and shifts in trade flows.
  - This, in turn, can be expected to drive further economic growth, and geographical distance may become less relevant as a determinant for the geography of trade

# Policy recommendations

- Technological capacity: A policy that facilitates access to the latest and best technologies – which may come from abroad – can be positive for the trade competitiveness of importers and exporters.
- Institutional capacity: Developing countries need to build institutional capacity in the areas of competition and data protection.
- Human capacity: Digitalization will bring an increase in demand for qualified professionals, particularly in logistics, information technology and related areas.
- Cooperation: Policymakers can facilitate cooperation by promoting national collaborative platforms such as the single window, port community systems or national trade facilitation committees.

# Members accepting the Protocol of Amendment to insert the WTO Trade Facilitation Agreement into the WTO Agreement (Annex 1A )



# Trade facilitation

- Senegal, for example, the implementation of the electronic single window reduced the border pre-clearance and processing time by 90%, from an average of **two weeks** to just **one day**.
- The **cost** of border processes has **decreased by 60%**.



## What do traders want ?



Transparent, accessible and predictable rules and procedures



## What does the TFA provide ?

Art. 1 – Easily accessible trade related information

Art. 3 – Issuance of advanced rulings



Standardized forms



Art. 10.3 – International standards to promote uniform documentation and data requirements



A single access point for all public services and agencies



Art. 8 – Border agency coordination

Art. 10.2 – Acceptance of copies

Art. 10.4 – Establishment of a “single window”



Simple, efficient and uniform formalities



Art. 10.7 – Common border procedure and documentation

Art. 10.1 – Periodic review of formalities

Art. 7.4 – Risk management



Just and rewarding system



Art. 4 – Procedures for appeal or review

Art. 7.7 – Authorized operators



Be part of the policy making process



Art. 2 – Opportunity to comment regulations before entry into force and public-private consultation

Art. 23 – Set-up of NTFC

# TFA-plus

- First, governments could commit to refraining from erecting new barriers on e-commerce shipments that are discriminatory or arbitrary.
  - Examples to avoid include increasing small-parcel inspection rates or requiring additional documentation.
- Second, countries could apply a principle of functional equivalence, non-discrimination and technology neutrality between the use of electronic communications and paper copies for trade documentation, building on TFA Article 10.2. The latter encourages the move towards a paperless trade environment and would be further underscored by this approach.

# Conclusion - Developing countries need:

- Basic infrastructure (such as electricity) in LDCs,
- Access to Internet at reasonable cost,
- Financial inclusion, and access to payment methods (which can depend upon laws and regulations, amongst other things),
- Education and skills,
- Online security, and
- Logistics and trade facilitation.

# Further reading

- UNCTAD (2019) *From Development to Differentiation: Just how much has the world changed?* 9<sup>th</sup> July 2019
- UNCTAD (2019) *Digitalization in Maritime Transport: Ensuring Opportunities for Development*, 20<sup>th</sup> June 2019
- UNCTAD (2019) *Making Digital Platforms Work for Development*, 20<sup>th</sup> March 2019
- WEF (2018) *Delivering the Goods: E-commerce Logistics Transformation*, white paper, October
- *Forthcoming*: UNCTAD - Digital Economy Report 2019 - 4<sup>th</sup> September 2019