Global Electronic Commerce: Issues & Policies for Developing Countries

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Presentation Outline

• What is electronic commerce
• Economic potential
• E-commerce infrastructures
• Galvanizing the sense of urgency
• Policy conclusions
E-Commerce Innovates the Marketplace

- **Process**: Doing old things (inventory, accounting) better
- **Product**: New products & services contingent on Internet
- **Markets**: Global, information rich, network benefits
E-Commerce In Action

- **Government to business and consumers**
  - information, procurement, tax administration
  - medicine, education, weather

- **Business to Business**
  - information, inventory, acquisition, delivery….
  - technology, software, labor services, management know-how

- **Business to Consumer**
  - tourism, artisanship, products
Economic Potential

- Productivity and Growth
  - Real, large, and not just for the first-mover
- Trade concentration of e-commerce
  - Global value chain, from textiles to software
- Development potential
  - Rural access to development, health, education

A commitment to e-commerce is a commitment to trade and economic development
E-Commerce Depends on Domestic Infrastructures

The “e” in e-commerce to catalyze reforms that support the “c” in e-commerce.
Policy Lessons

• Policy reform to create an environment of real competition
• Use global technology to leap-frog stages of infrastructure development
• Foreign investment *will* come, even in small markets, given the right conditions
• New laws must be underpinned by the rule of law.
Domestic Policy Concerns

• Loss of Tariff and Tax Revenue
  – Geneva moratorium has little impact on customs
  – Larger potential erosion of sales/use/VAT

• Loss of Control Over Financial Markets
  – Local control of banks, lending, and saving
  – Foreign exchange reserves management

• Social Issues (content, privacy, consumer protection)
  – Countries have very different attitudes on government role
  – What government *should* do vs. technology *to* do
Global Marketplace, Domestic Policy Jurisdictions: Convergence, Conflict, Or ...

Keys for policy:
* Internationally interoperable; not one size fits all.
* Private sector innovation to bridge country differences.

These issues not yet resolved even by Internet leaders!!

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Appoint E-Commerce Czar

• Exploit synergies in E-commerce infrastructures
• Use E-commerce goal to promote domestic reforms
• Ensure extension of E-commerce to rural, health, education goals

Must be visionary, entrepreneurial, highest level
Create E-Government IT Team

- Make government a leader in IT usage
- Team international IT consultants, local IT professionals, and ministry participation
- Integrate off-the-shelf applications

Start with fiscal functions (tax, customs, procurement) to enhance efficiency and transparency
Foster Awareness & Entrepreneurship

- Build awareness at the local level
- Access and incubators within communities to serve community interests and needs and build on community strengths
- Develop Internet entrepreneurs from existing community leaders and entrepreneurs.

Only you can exploit the Internet for your own benefit!
E-Commerce Policy Conclusions

Technology is global, application is local
- Government commitment and leadership to exploit

Not all policy issues have solutions now
- But, don’t delay reforms where the way is clear

Encourage the private sector to innovate
- Technology can promote competition

---policy makers have the power of yes.
Thank you!