

Cross-border e-commerce: An opportunity for women

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Business to consumer e-commerce can offer an opportunity for small businesses, particularly those led by women, to access cross-border trade, opening larger markets and eliminating costly intermediaries.

Business to consumer e-commerce involves the sale of both goods and services, transmitted through postal or courier systems or digitally, directly from businesses to consumers, without retail distribution channels or face-to-face service delivery. Cross-border e-commerce can therefore expand the range of businesses that are involved in imports and exports. By connecting producers directly to consumers, e-commerce eliminates the need for size and scale before a business can cross borders.

The reduced need for scale can be particularly advantageous to women-led businesses, which tend to be smaller than men-led businesses. E-commerce can also remove some of the negative incentives that women-led businesses face when transacting face-to-face, such as gender-based violence and discrimination from officials.¹ One International Trade Centre survey found that the share of women-owned enterprises doubled when moving from offline trade to online cross-border e-commerce.²

This suggests that eliminating barriers to cross-border e-commerce can contribute to reducing gender inequality in trade. As such, integrating e-commerce-friendly provisions into the AfCFTA can help to ensure that women are benefitting from increased trade on the continent.

Although AU Member States have not specifically agreed to include e-commerce in the AfCFTA, e-commerce penetrates all aspects of trade. As Senegal's Trade Minister, Alioune Sarr, said in an interview in March 2018:

E-commerce has not been explicitly included in the negotiation topics for the CFTA. However, if it is not included in the second stage of negotiations, the issue *could be dealt with* as part of the negotiations on trade in services.³

In the priority services areas, liberalisation of business services, communications, finance and transport will help to enable cross-border e-commerce and to provide the larger markets needed for digitally enabled business. Commitments in sub-sectors such as computing services, post and courier and telecommunications will have important



impacts on the ability of businesses to meet customer needs cross border. Market access and non-discrimination provisions should create bigger markets for local businesses, and increased services can have secondary effects, such as better courier connections or payment facilities for women-led SME e-commerce sellers.

At an AU e-commerce conference in 2018, it was memorably said that when one shops online, she must pick, pay and pray... Trust is crucial to the expansion of e-commerce, even more so when buyers and sellers are in different countries. Consumers need to feel confident that the service or good will be delivered in exchange for their payment and that the purchase is safe and reliable. Both seller and buyer need to trust that the payment services provider will act in the way it promises. Regulatory frameworks being developed under the AfCFTA can lay the foundations for robust consumer protection rules and cooperation between regulators that would help to generate the trust that is necessary for e-commerce to flourish.

Inherent to cross-border e-commerce is the transfer of personal data between countries. Ensuring data can cross borders for the purposes of business transactions should be part of the AfCFTA discussion on business services. Trust is also important when it comes to data – consumers want their personal information to be stored and used appropriately, so regulatory frameworks should encourage the development and enforcement of privacy regulation and data protection.

Any advantage experienced by women participating in e-commerce can easily be eroded by other gender gaps. For example, Research ICT Africa suggests that the cost of devices, price of data and access to electricity are barriers to women's access to the internet.⁴ As such, reducing tariffs on mobile handsets and encouraging competition in mobile data provision through opening the telecommunications sector can help to address this barrier.

The removal of trade barriers alone will not address the barriers women face to trading and doing business. It needs to be combined with local public policies and complementary changes to trade rules. For example, women tend to use public wifi more often⁵, so consideration could be given to increased public internet provision. Women are also less able to access finance, thus, trade measures that support access to finance can contribute to women's engagement in e-commerce. These could include market access for financial services providers, improved regulatory coordination and specific provisions governing development finance institutions.

Because women tend to be disproportionately affected by the reduced services that result from reduced state revenue, it is also important that e-commerce does not lead to significant revenue gaps for member-states. Digitally delivered goods and services are typically subject to the same tax treatment as their physical counterparts, but this can be difficult to enforce. Member-states should therefore conclude exchange of tax information agreements and provide mutual assistance in the collection of taxes across the continent. To increase the collection of this revenue, automated digital collection should be supported. This will require the cooperation of a range of stakeholders – in both selling and buying countries, as well as third parties such as payment providers.

E-commerce has great potential to open a much bigger market for small businesses and to help reduce the barriers for women-led businesses to trade cross-border. To contribute to the development of e-commerce, the AfCFTA should include an integrated approach that addresses both seller and consumer barriers to e-commerce. To ensure that women especially can take advantage of this opportunity, countries must also work to improve the regulation and infrastructure that supports female-led businesses.

¹ International Trade Centre 'Chapter 8: Closing the small-business and gender gap to make trade more inclusive' *Aid for Trade at a Glance 2017: Promoting Trade, Inclusiveness and Connectivity For Sustainable Development*, WTO, 2017

² African Union E-Commerce Conference, 23-25 July 2018.

³ Bridges Africa, 2018. *How Should Africa Engage in E-Commerce and the Digital Economy?* 'Talking ecommerce with Alioune Sarr, Senegal's Trade Minister', Vol 7, No 2, March. <https://www.ictsd.org/bridges-news/bridges-africa/issue-archive/how-should-africa-engage-in-e-commerce-and-the-digital>. Emphasis mine.

⁴ A Gillwald (ed), 2018. *Understanding the Gender Gap in the Global South*. Research ICT Africa <http://afteraccess.net/wp-content/uploads/2018-After-Access-Understanding-the-gender-gap-in-the-Global-South.pdf>

⁵ Ibid.