Cross-border e-commerce for SME exports

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Why SMEs?

- OECD (2008) singles out 47 key barriers for SMEs’ participation in international trade. These are divided into INTERNAL and EXTERNAL barriers.

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<th>Internal</th>
<th>External</th>
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<td>• Informational Barriers</td>
<td>• Procedural Barriers</td>
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<td>• Functional Barriers</td>
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<td>• Marketing Barriers</td>
<td>• Customer and Competitor Barriers</td>
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<td>• Business Environment Barriers</td>
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<td>• Tariff and Non-tariff Barriers</td>
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Key players (1)

**Cross-border e-commerce platform**
- The cross-border e-commerce platform plays a core role as a hub and carrier within the ecosystem.

**Sellers**
- Cross-border e-commerce export enterprises are the store sellers on the platform. They are the providers of goods on the platform. Export enterprise can be a factory, selling the goods produced by themselves, or from a seller, acting as an agent for the goods of other factories. Alternatively, they could be selecting products from the domestic wholesale platform and then putting them on the cross-border e-commerce platform.

**Buyers**
- Buyers can be divided into corporate purchasers and individual consumers, which are the source of traffic to the platform. The platform will spend a lot to promote itself through various channels and attract all kinds of buyers to the platform.
Key players (2)

**Logistics companies**

• Cross-border e-commerce logistical methods include shipping, air transportation, express delivery, postal services, special line logistics, overseas warehouses and other forms. Various types of cross-border logistics enterprises are an important part of the cross-border e-commerce ecosystem.

**Payment Businesses**

• Cross-border e-commerce is inseparable from cross-border payment, and most platforms have linked payment ports for buyers, so that consumers can easily place orders from the platform. Well known cross-border payment companies include PayPal, Alipay International etc.

**Foreign trade service companies**

• A foreign trade comprehensive service enterprise provides one-stop foreign trade process services such as logistics, customs declarations, inspection declarations, tax refunds, and foreign exchange settlement for export enterprises through the network.
Key players (3)

Cross-border e-commerce supervision and administration authorities

Customs authorities play a crucial role in cross-border e-commerce by ensuring compliance with import and export regulations, collecting duties and taxes, and facilitating the smooth flow of goods across borders.

• Tariff Classification
• Customs Clearance
• Duty and Tax Collection
• Regulatory Compliance
• Security Screening
• Trade Facilitation
• Risk Management
• Data Collection and Analysis
Recommendation 1: Government should adopt a holistic approach

• SMEs face many challenges when trying to export through cross-border e-commerce, focusing on one challenge while ignoring the rest will likely not significantly help SME exports.

• Supportive governments need to take a holistic approach to help resolve these challenges.
Recommendation 2: a country may introduce pilot project on cross-border e-commerce to explore the way forward

• Given the challenges for development cross-border e-commerce, setbacks and failures of projects on cross-border e-commerce should be expected.

• By introducing pilot project, policy makers and other stakeholders may deepen their understanding on cross-border e-commerce through learning by doing.
Recommendation 3: active participation in global and regional trade agreements covering cross-border e-commerce

- A small economy should be actively involved in participating in global and regional trade agreements which covers cross-border e-commerce to voice its concern on cross-border e-commerce
- Negotiation under the WTO
- RCEP and CPTPP have important provisions on cross-border e-commerce
- The Framework Agreement on cross-border paperless trade enable the countries to advance cross-border paperless trade
References

• For further information, please refer to these reports prepared by the ESCAP.

• For a deep dive, please check the (free) online course provided by ESCAP:
