

Workshop on E-Commerce Council for Trade in Services

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E-commerce Challenges and opportunities in Egypt

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Importance of e-Commerce

E-commerce has become
a central element in the economic
growth and the expansion of
world trade.

“ based on OECD”



Major Action lines for boosting e-Commerce

- ***Enhancing the information infrastructure.*** This involves improving access to telecommunications and Internet services at the price, reliability, and speed levels needed for e-commerce.
 - ***Building trust for users and consumers of electronic commerce.*** addressing principles for online business and information disclosure, handling consumer complaints, provision of effective dispute resolution, education and awareness, and global co-operation.
 - ***Establishing ground rules for the digital market place.*** The major issue arising under this theme is e-commerce taxation.
 - ***Managing the benefits of electronic commerce.*** Its full potential will only be realized through its widespread use by businesses, consumers, and institutions.
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Internet in Egypt

- ▶ Internet plays a fundamental role in Egypt. Over the past years the number of internet users grew to reach about 44% of the population.
- ▶ This enthusiastic embrace of the Internet by the Egyptian people has been sustained by ongoing government investment—focused on three equally important areas:
 - subsidizing Internet-related technology and Internet access.
 - Provide Internet training for the general population and for businesses in order to build skills and increase proficiency.
 - Introduce Arabic-language Internet content in order to broaden the reach of the Internet.
- ▶ The demographics of Internet usage in Egypt show that more than 45% of the individuals which are between (16 – 25 years), 36% of them spend more than eight hours per day online.
- ▶ Young users are described as flexible and use a variety of channels to access the Internet, with mobile Internet becoming increasingly popular.

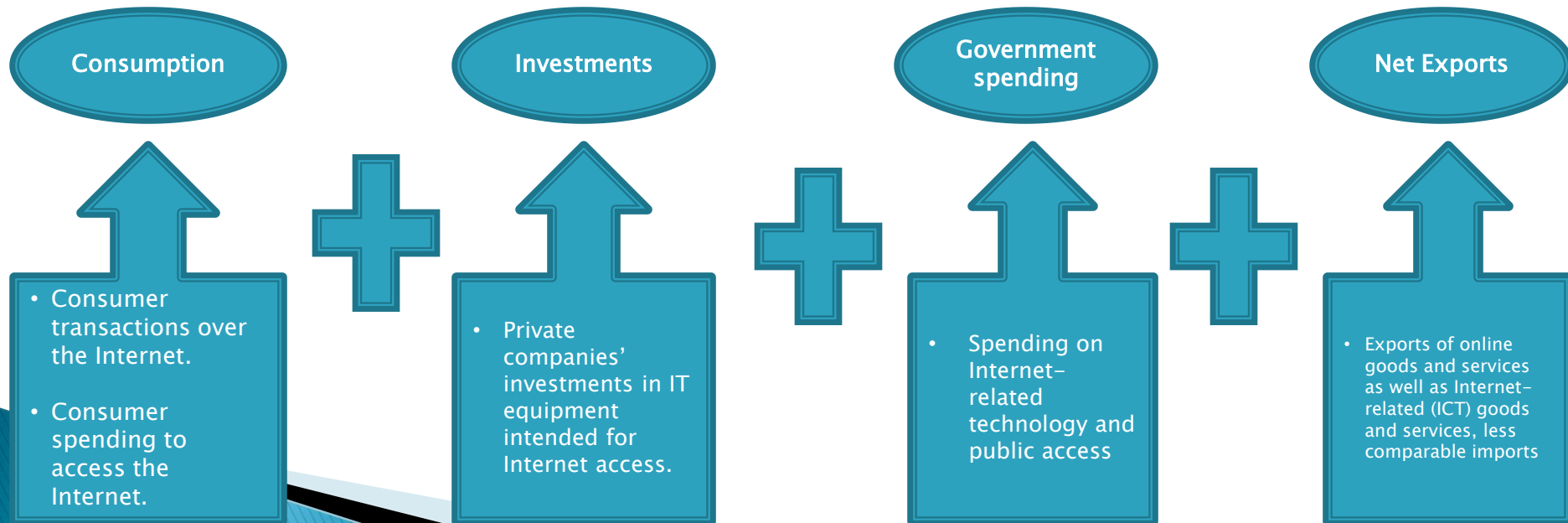
Internet in Egypt

- ▶ Overall, Egypt's Internet users favor “traditional” online activities including e-mailing, searching for information, VoIP, and downloading items of interest.
- ▶ Social networking is emerging as a widely popular activity. The number of Facebook users in Egypt **almost tripled** from pre-revolution levels (roughly 4 million accounts at year-end 2010) to April 2013 (more than 14 million accounts), with the vast majority (75%) under age 30.
- ▶ Mobile devices are increasingly becoming the dominant access mode to the Internet in Egypt. Two factors have contributed to this evolution:
 - The quick advance of technology like smart phones which are now used by about 26% of those over age 16 in Egypt.
 - Mobile Internet coverage has expanded rapidly. In 2012, 90 percent of the country's population was covered by 3G service.

The Economic Impact of internet in Egypt

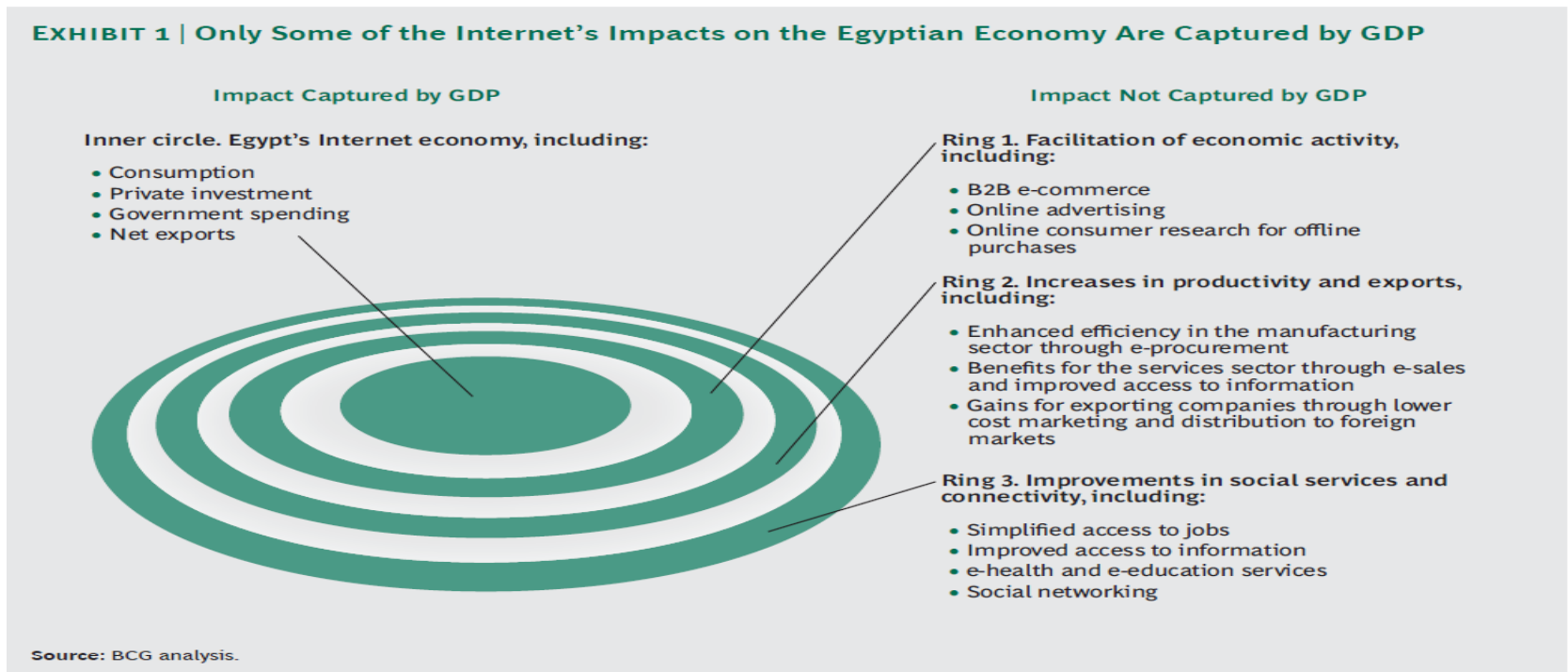
- ▶ Internet usage in Egypt is having a significant impact on Egypt's commerce and society. But measuring that impact is difficult.
- ▶ A recent study conducted where a methodology was introduced to quantify the Internet's economic effect through measuring its contributions to Egypt's GDP.

E- GDP



The Economic Impact of Internet in Egypt

- ▶ The methodology states that the Internet's impact on the Egyptian economy and society is not fully captured by *e-GDP numbers*. Thus – the following 3 rings (on the right were added):



The Economic Impact of Internet in Egypt

- ▶ Egypt's Internet economy represents **E£15.6 billion** or **1.1%** of the country's 2011 GDP.

The Internet's share is comparable to that of several other sectors—for example:

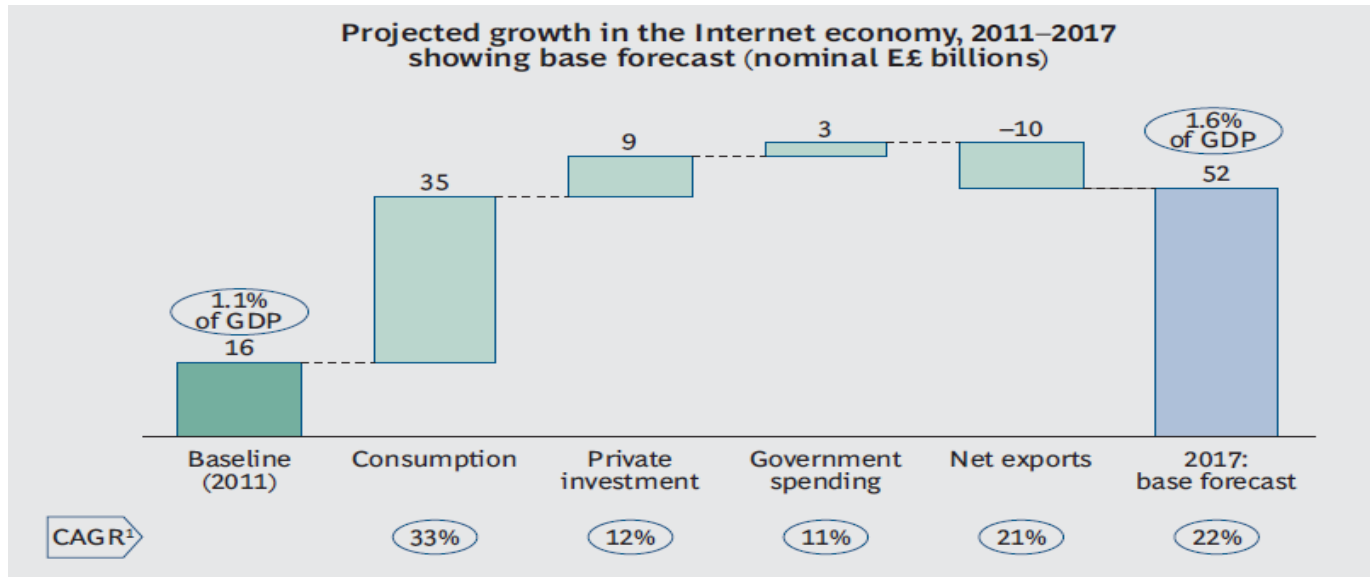
- ❑ Health services (1.3%)
- ❑ Education (1.1%)
- ❑ Oil refining (1.1%) mm

However, it is smaller than sectors such as:

- ❑ Restaurants and hotels (3.2%)
- ❑ Wholesale and retail trade (11.5%)
- ❑ Commodities (14.9%)

- ▶ *Investment by private companies* (such as telecom operators) and *spending by Egypt's government* amounted to **E£12.3 billion**, or **79%** of the total e-GDP figure.
- ▶ *Spending by consumers on access to the Internet and on transactions over the Internet*, totaled **E£7.7 billion**.
- ▶ The balance of Internet trade—composed of e-commerce imports, combined with imports and exports of ICT goods and services related to the Internet—was negative at –E£4.5 billion. This negative balance was driven mainly by Egypt's imports of ICT goods that can be used to access the Internet, such as computers or mobile phones.

Projected Growth of Internet Economy



Growth Drivers

E-Inclusion

Business
Engagement

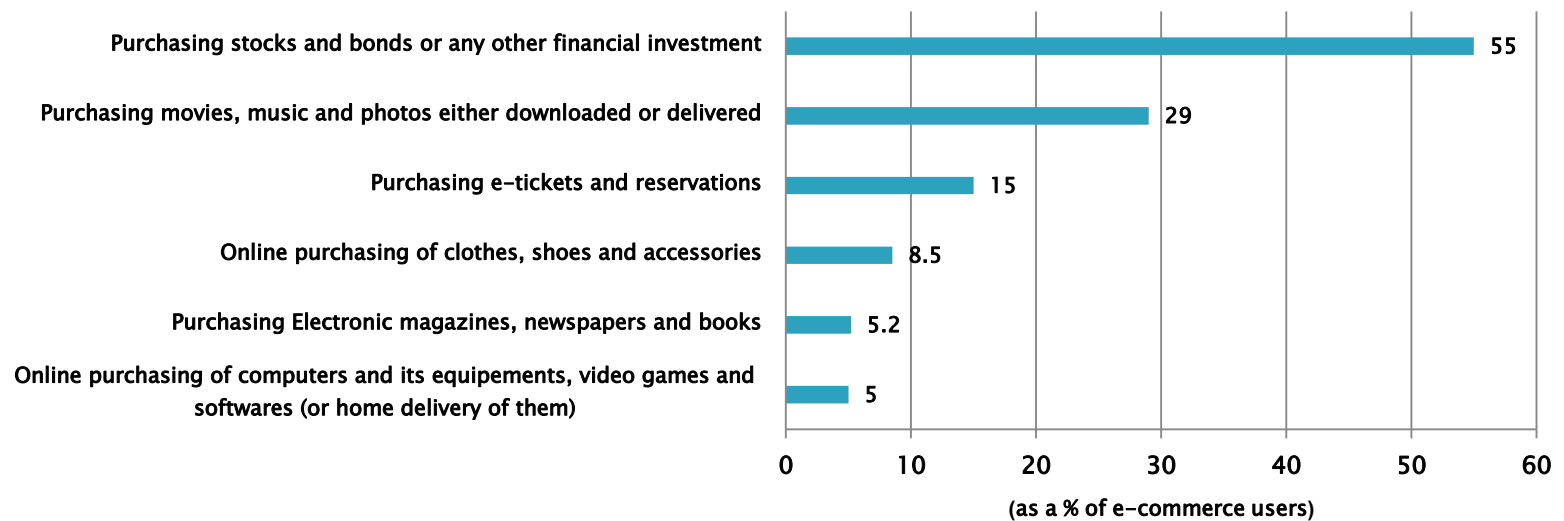
E-Commerce

Egyptian Households usage of E-commerce in 2012

▶ Percentage of Households that deals with e-commerce:

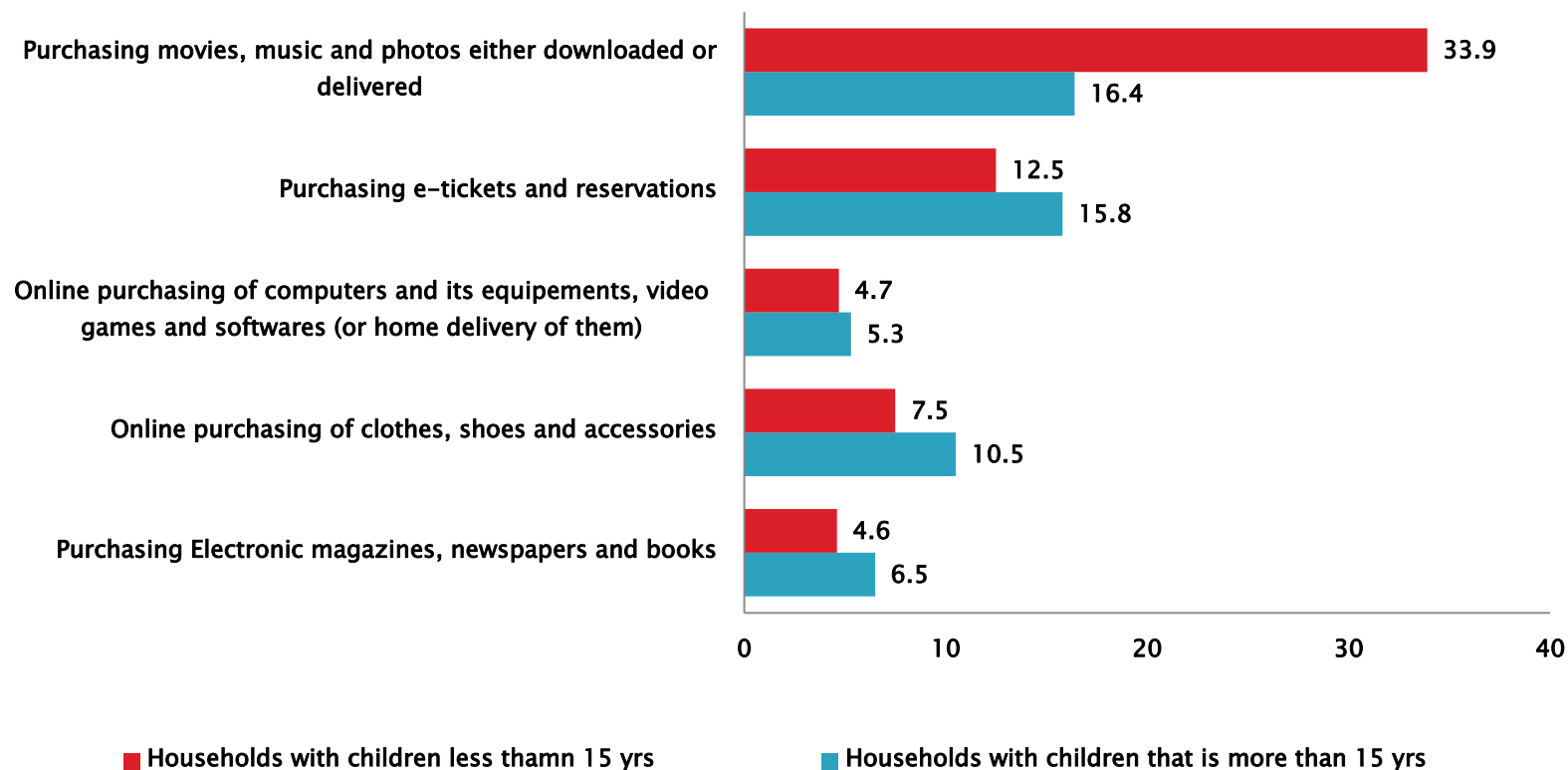
- The percentage of households that deals with e-commerce reached about **2%** of total households using the internet.
- **99%** of the e-commerce users purchases online.

▶ Fields of dealing with e-commerce:

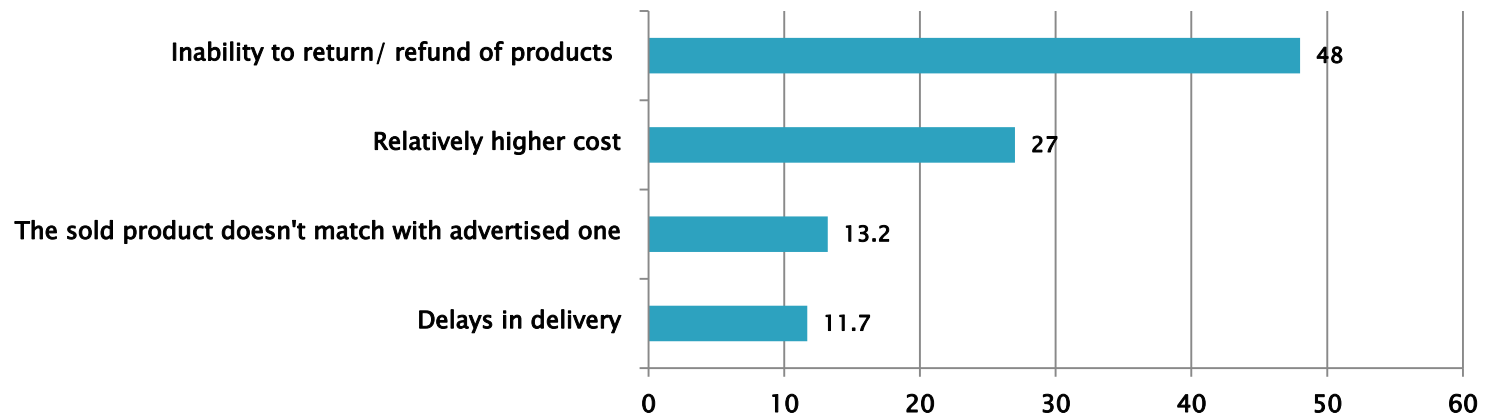


Egyptian Households usage of E-commerce in 2012

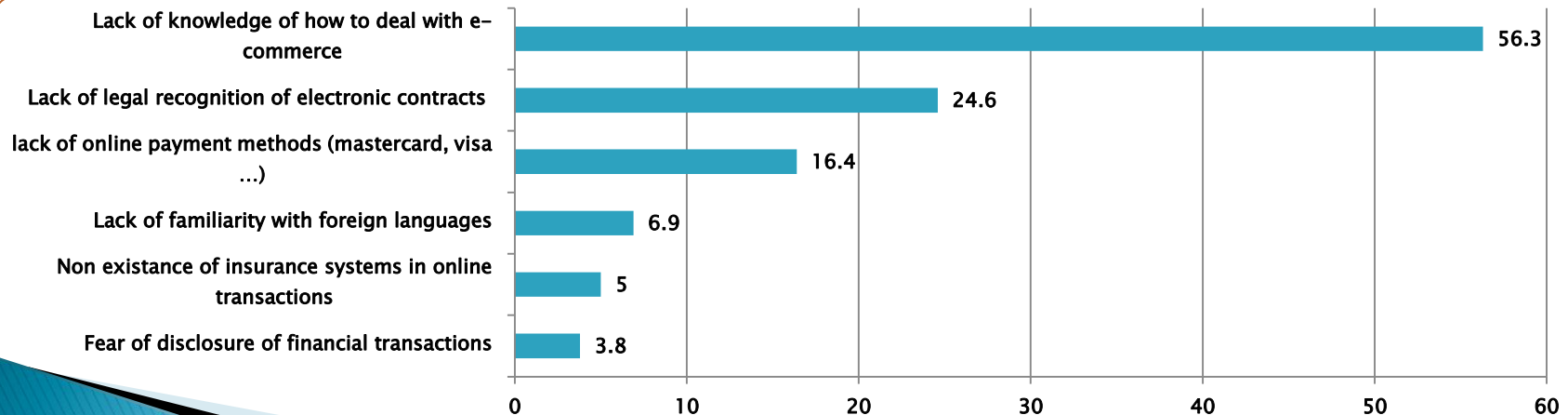
- ▶ **Fields of dealing with e-commerce according to households with children less or more than 15 years old**



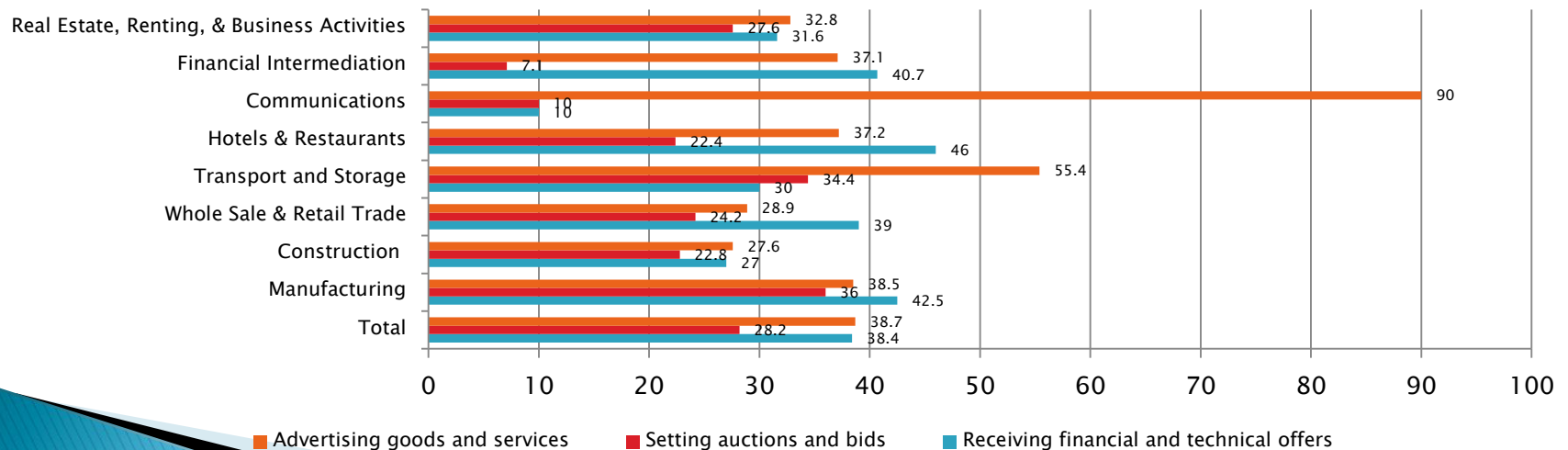
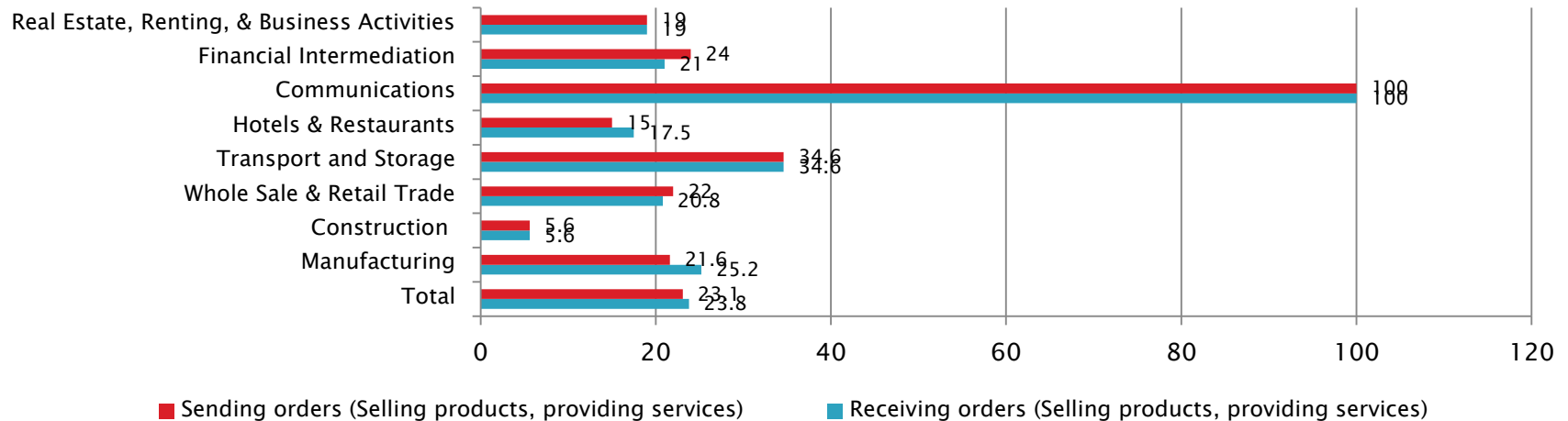
Problems facing households users of e-commerce



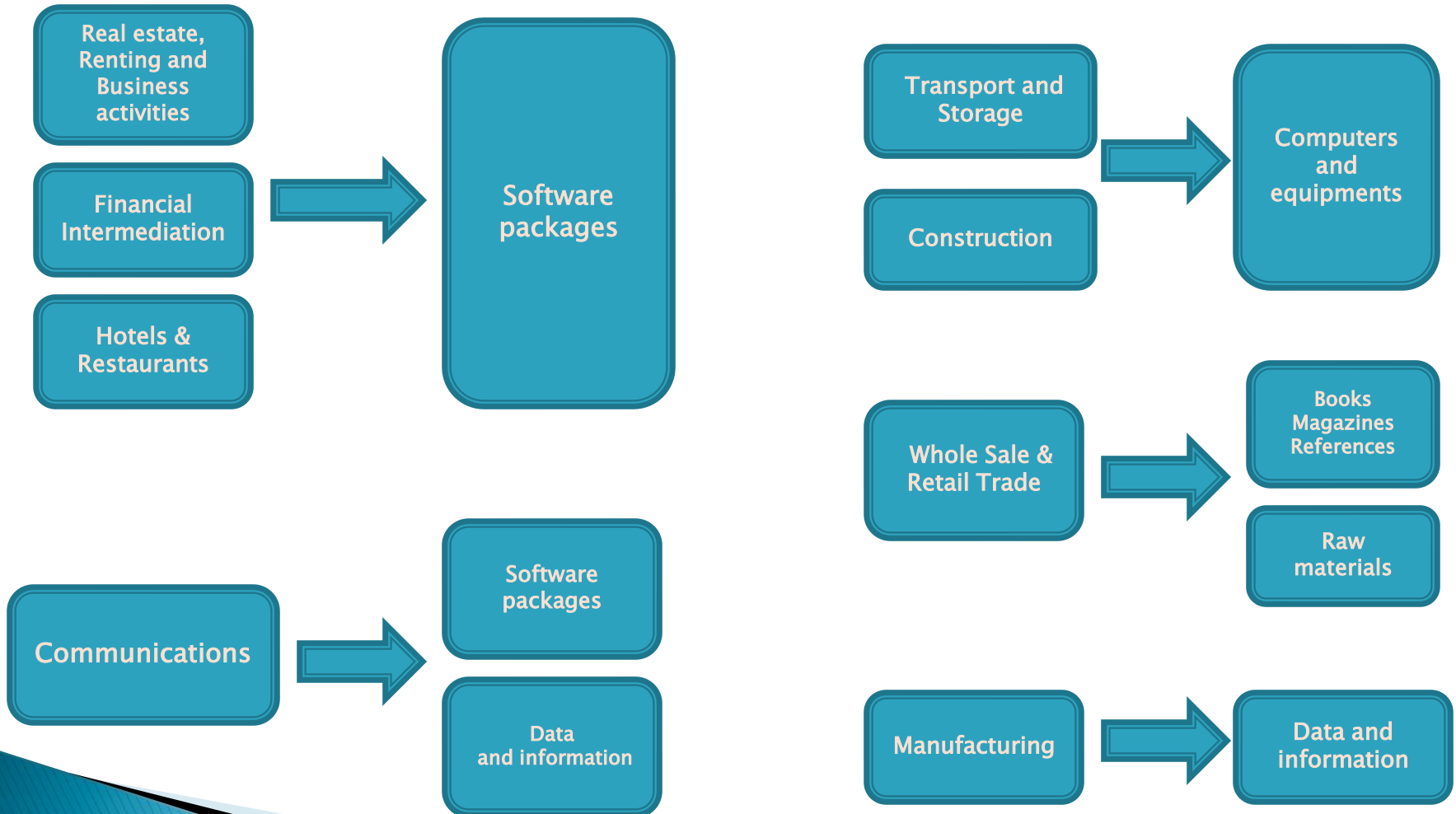
Reasons for not using e-commerce



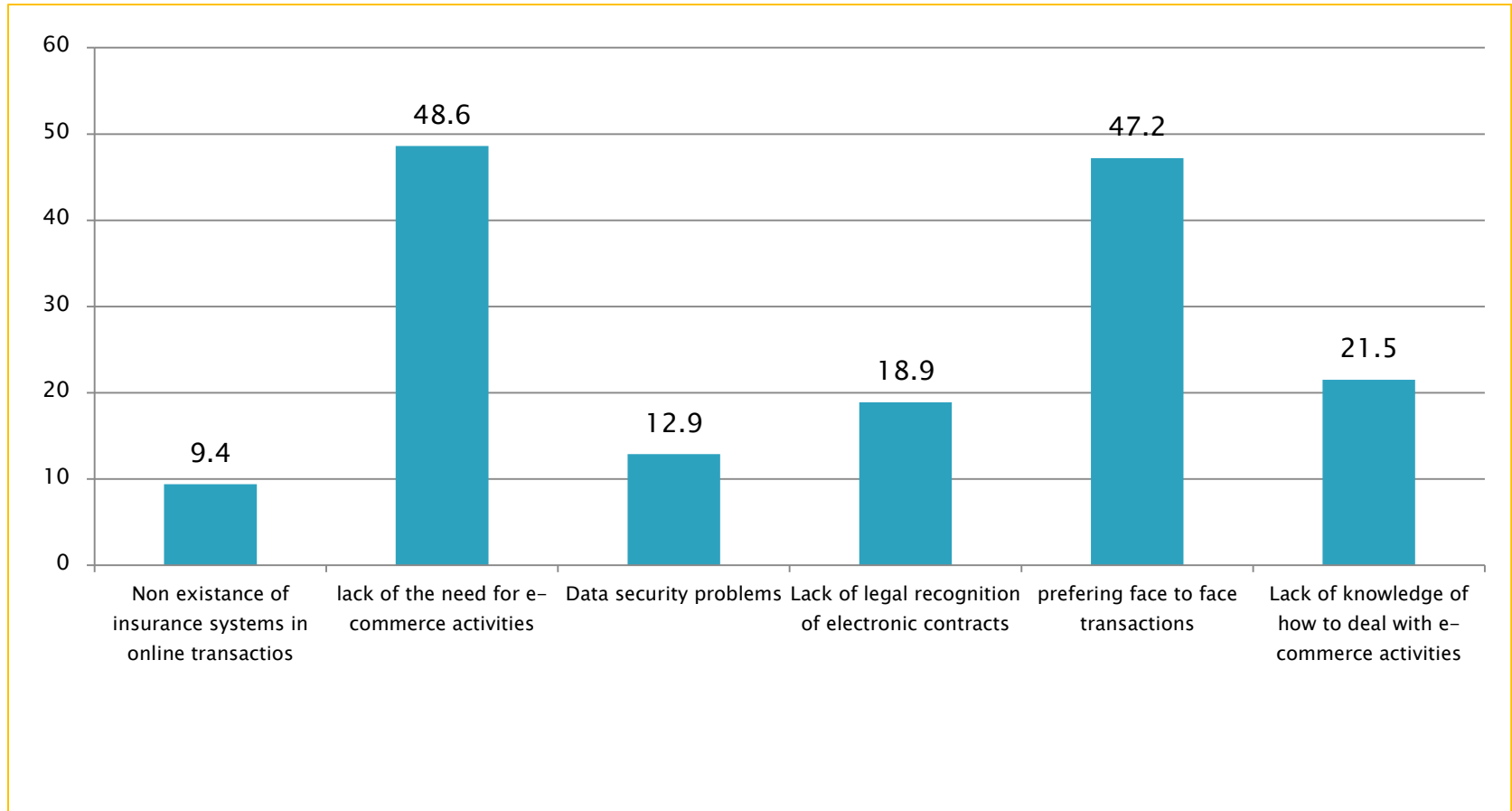
Usage of e-commerce in businesses



Main products used via e-commerce



Reasons for not using e-commerce by businesses



Egypt's E-Commerce Policies & Regulatory Perspectives



E- inclusion

- ☐ Expanding Internet and PC Literacy programs.
- ☐ Expanding the reach of the Internet across Egypt through high-quality network infrastructure (fixed or mobile BB)
- ☐ Increasing the availability of Online Arabic-Language Content
- ☐ Mobile payment
- ☐ E-signature Law
- ☐ E-signature centre of Excellency
- ☐ Mega projects (1 million smart ID cards), (6million salary cards for gov employees
- ☐ E-commerce committee

Business Engagement

- ☐ Raising SMEs awareness.
- ☐ Capacity Building Programs
- ☐ Providing support to businesses engaged in online exports through subsidization or “special tax” conditions.
- ☐ Adopting a sector-specific approaches leveraging PPPs.
- ☐ Enabling businesses to register their websites online and removing the requirement that a business secure a trademark before launching its website.