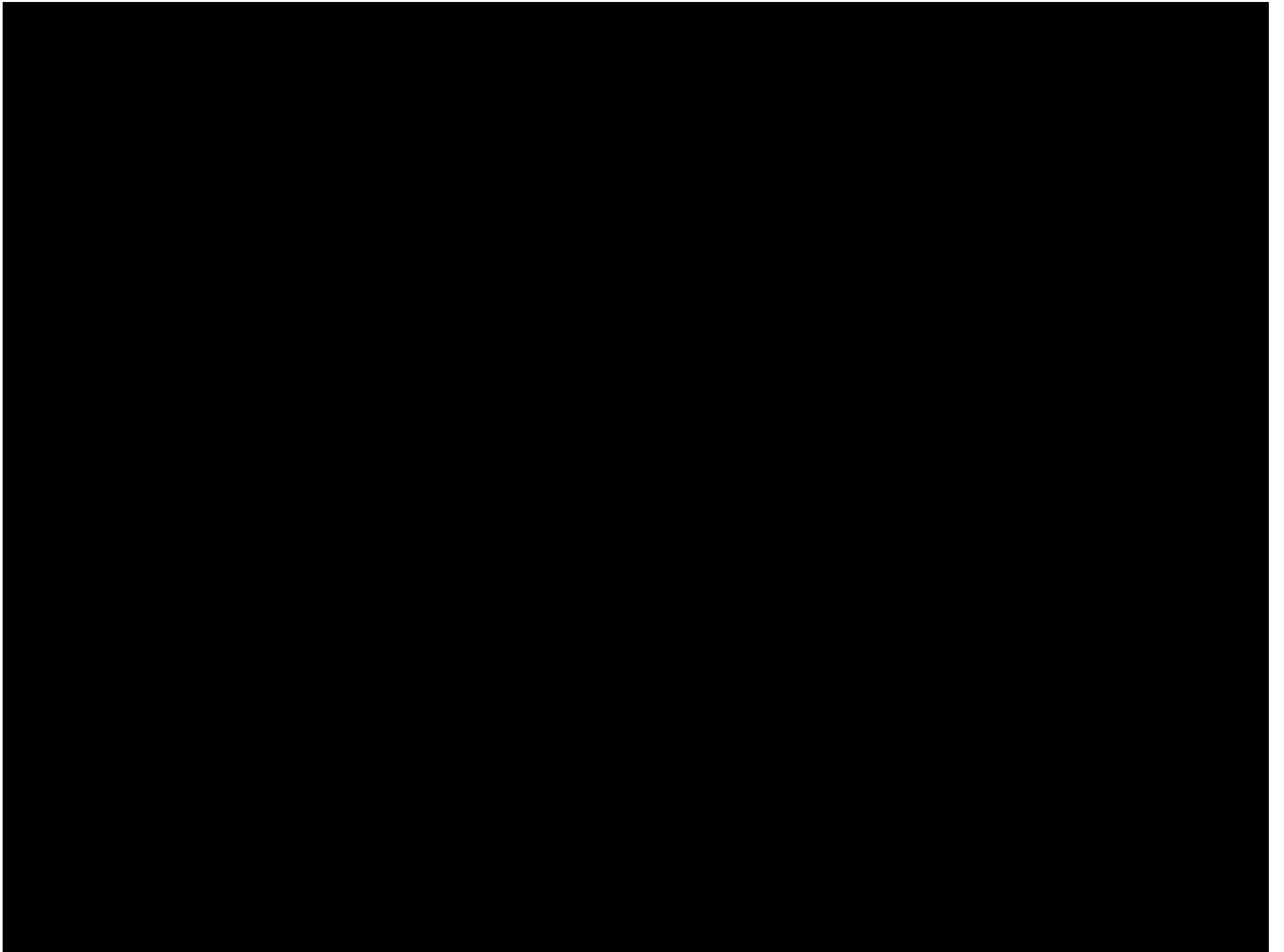# Digital trade and non-digital trade barriers

Magnus Rentzhog

Senior Adviser, National Board of Trade
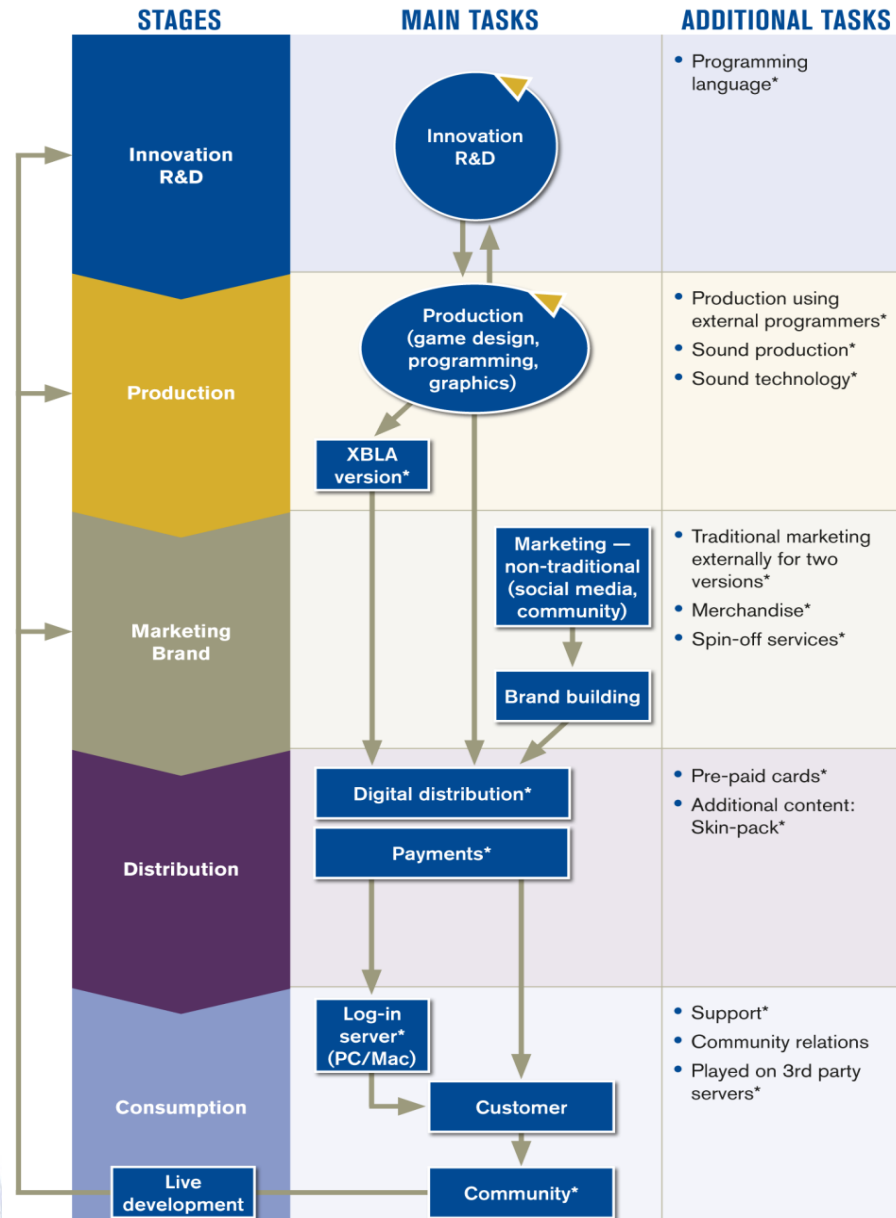
17th of June, 2013

Everybody is in e-commerce

- Many companies have online presence
- B2B 9 times larger than B2C [SE]
- 20 % of companies' revenues
  - 27 % for manufacturing sector

- Three types of e-commerce companies
  - "Brick and mortar"
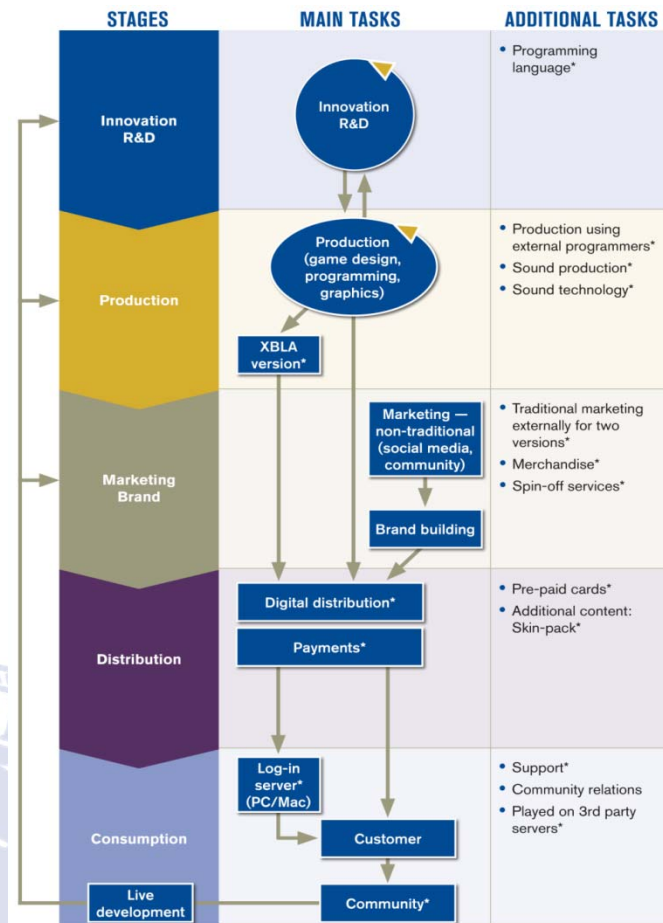 - Retailers
  - "Digital companies"

Source: National Board of Trade

Countries involved in the GVC

| STAGES	MAIN TASKS	ADDITIONAL TASKS
Innovation R&D	Innovation R&D	• Programming language*
Production	Production (game design, programming, graphics) / XBLA version*	• Production using external programmers* • Sound production* • Sound technology*
Marketing Brand	Marketing — non-traditional (social media, community) / Brand building	• Traditional marketing externally for two versions* • Merchandise* • Spin-off services*
Distribution	Digital distribution* / Payments*	• Pre-paid cards* • Additional content: Skin-pack*
Consumption	Log-in server* (PC/Mac) / Customer	• Support* • Community relations • Played on 3rd party servers*
Live development	Community*	

- USA
- Germany
- England
- Scotland
- Holland
- Canada
- Japan
- Denmark
- Finland
- Sweden

Without order of importance

Plus: UN Habitat, and other countries ("Community", marketing and "3rd Party Servers)
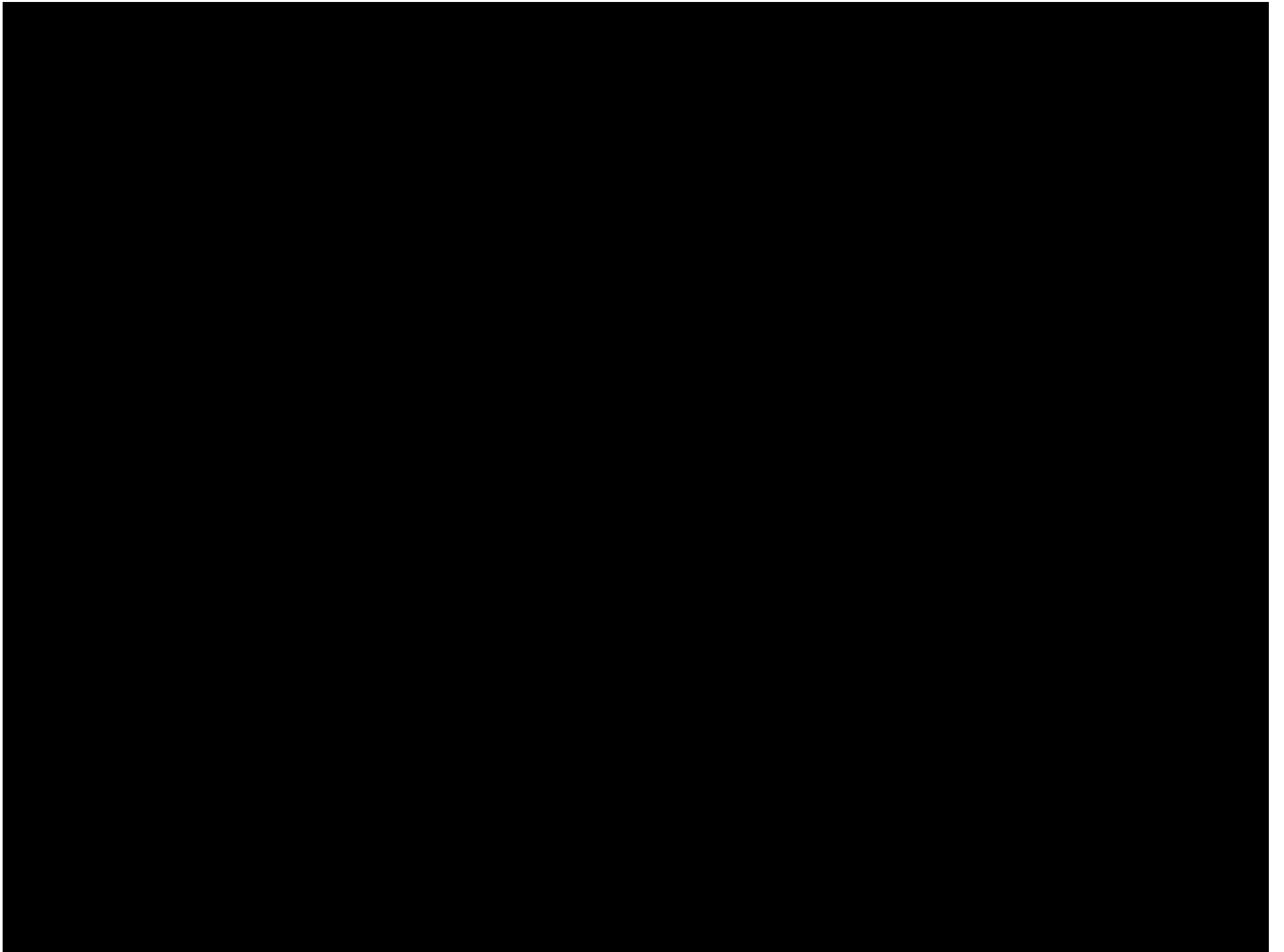
Online traders' specific features

- Selling to a large number of countries simultaneously
- Many companies are not established on export markets
- Many companies are small
- Large number of shipments – small consignments
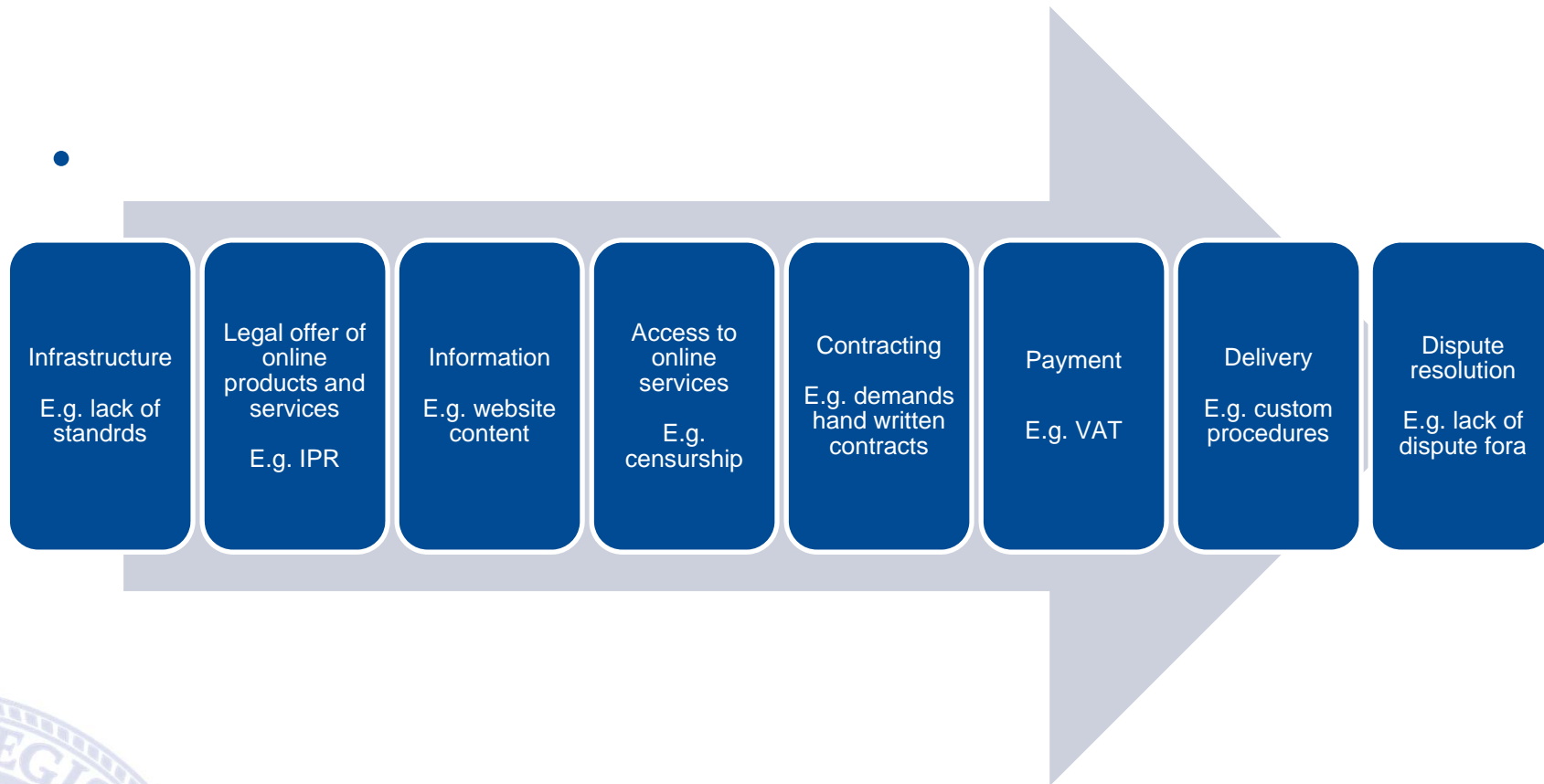- Operate in randomized world

Barriers for e-commerce

- Lack of information
- Barriers relating to customs
- Barriers relating to consumer and sales law and consumer info
- Payment and taxes
- Intellectual property rights barriers
- Cross-border data transfer
- State controls
- Other barriers (incl. roaming, standards, fraud…)

E-commerce value chain

•

| Infrastructure

E.g. lack of standrds | Legal offer of online products and services

E.g. IPR | Information

E.g. website content | Access to online services

E.g. censurship | Contracting

E.g. demands hand written contracts | Payment

E.g. VAT | Delivery

E.g. custom procedures | Dispute resolution

E.g. lack of dispute fora |

Source: EU Commission 2012, NBT 2012

Summery

- E-commerce specific barriers (e.g. data transfer, roaming)
- Traditional barriers – hitting e-commerce harder (e.g. tariffs, custom procedures)
- Most common problems:
  - Lack of information/transparency
  - Consumer rights (differences)
  - IPR
  - Data transfer

The way forward

- "e" out of e-commerce
- Multi trade field solutions
- Multiplatform solutions
- Multilateral solutions

Reports by the NBT (www.kommers.se)

On e-commerce

- **E-commerce – new opportunities, new barriers**
- **How borderless is the Cloud?**
- **Minecraft brick by brick**

Forthcoming:

- Making trade happen – business perspectives on cross-border movement of persons
- "… and data" – a study on cross-border data flows and Swedish business experiences

Other related studies

- Adding Value to the European Economy
- Made in Sweden?
- At your Service
- Servicification of Swedish manufacturing
- Business Reality and trade Policy – Closing the Gap
- Everybody is in Services – the Impact of Servicification in Manufacturing on Trade and Trade Policy
- Global Value Chains and the Transatlantic Trade and Investment Partnership