2017 Russia Competition Week

Competition Policy in the Digital Era

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD Information Economy Report 2015

Total Retail Sales Worldwide, 2015-2020
trillions and % change

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Retail Sales</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$20.795</td>
<td>5.8%</td>
</tr>
<tr>
<td>2016</td>
<td>$22.049</td>
<td>6.0%</td>
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<tr>
<td>2017</td>
<td>$23.445</td>
<td>6.3%</td>
</tr>
<tr>
<td>2018</td>
<td>$24.855</td>
<td>6.0%</td>
</tr>
<tr>
<td>2019</td>
<td>$26.287</td>
<td>5.8%</td>
</tr>
<tr>
<td>2020</td>
<td>$27.726</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

Note: excludes travel and event tickets
Source: eMarketer, Aug 2016

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UNCTAD
"UNCTAD estimates suggest that global business-to-business e-commerce sales in 2015 had amounted to almost $20 trillion, and business-to-consumer e-commerce sales, to more than $2 trillion.

Most of the growth was in emerging economies, with China the largest business-to-consumer e-commerce market in the world. Brazil, the Russian Federation, the Republic of Korea and India now ranked among the top 10 business-to-consumer markets.

In only two years, the number of online shoppers in the top 10 business-to-consumer e-commerce markets had surged from 600 million to 850 million – an increase of 40 per cent. This illustrated the rapid pace at which this market was expanding."
UNCTAD B2C E-commerce Index 2016

- **Four indicators**: Internet use penetration, secure servers per 1 million inhabitants, credit card penetration and a postal reliability score.
- **Geographic coverage**: 137 economies represent 96% of the world population and 99% of world GDP.
- Luxembourg is the top performer in the UNCTAD B2C E-commerce Index (2nd. year).
- Top 10 economies include 6 European, 3 Asia-Pacific region and 1 North American.
- Among developing economies, 3 high-income economies - Republic of Korea, Hong Kong (China) and Singapore - rank the highest, followed by several Gulf States. Uruguay is the top performer in Latin America and the Caribbean. **South Africa** is the front-runner in e-commerce readiness on the African continent (61st Index place).
Digital economy key features

• Fast moving and dynamic markets with new business models - the rise of platforms, the growing sharing economy/collaborative economy, the importance of data.

• Disruptive effect and constant innovation - new companies with new techniques and new products - new markets not caught by existing regulation threaten markets predictability and incumbents' status.

• Proliferation of multi-sided markets with network effects (OECD).

• Regulatory issues - balance between the promotion of innovation and securing its contribution to economic growth and development and maintaining a market level playing field.
Digital economy’s dynamics and business models are different from those of the traditional economic sectors: existing/traditional Competition law techniques and tools not suited to address new markets and new businesses.

Urgent adaptation of Competition law and policy tools to markets: economic analysis, knowledge and intelligence and enforcement. Need for IT expertise.

Need for a multi-stakeholders' dialogue - policy makers, regulators, Competition authorities, academia, business, consumer organizations. Opportunity to redesign cooperation between Competition authorities and Regulators.
The role and challenges for Competition Authorities

Focus on preventing the creation of entry barriers,
Facilitate entry into markets,
Foster innovation.

Other specific challenges for Competition Authorities approach:

• Digital markets require constant redefinition of relevant markets analysis due to continuous innovation.

• Focus on entry barriers, contestability and availability of other routes to reach end-users.

• Interact with IT experts to better understand business models.

• Use international cooperation since the digital economy is global.
Challenges for Consumer Protection

- Key implications also for Consumer Protection policy:
  - the role of platforms;
  - mobile and online payments;
  - digital content products;
  - privacy and data protection;
  - vulnerable consumers.


- See also UNCTAD's work on E-commerce (and E-trade for all) and the 2017 G20 Digital Economy Ministerial Declaration ("Strengthening in the digital world").
Digital economy challenges for Developing countries

- Bigger challenges for developing countries and economies in transition due to
  
- The expansion of e-commerce and generalization of online payments,
  
- The lack of physical infrastructures,
  
- Young and small Competition authorities with limited and tools,
  
- Lack of or insufficient Consumer protection legal and institutional frameworks or little experienced agencies.
International Cooperation

- Great need and opportunity for **International Cooperation** - UNCTAD and the UN Set of Principles and Rules on Competition (1980)

  *The only internationally agreed instrument in the field of Competition*

  **Scope:**

  - **Rules** for the control of anticompetitive practices,
  - **The development dimension** of competition law and policy,
  - **Framework for international cooperation exchange of best practices.**

2016 - Celebration of **70 years of work** in the UN on Competition Law Policy
International Cooperation (2)

• 2017 UNCTAD IGE on Competition Law and Policy: a Discussion Group on International Cooperation was created.

• Scope: to pursue the exchanges and the debate on the modalities for facilitating cooperation under Section F of the UN Set of Principles and Rules on Competition.

• Open to all member States.

• Foreseen report to the 2018 IGE meeting.
THANK YOU!

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