



2017 Russia Competition Week

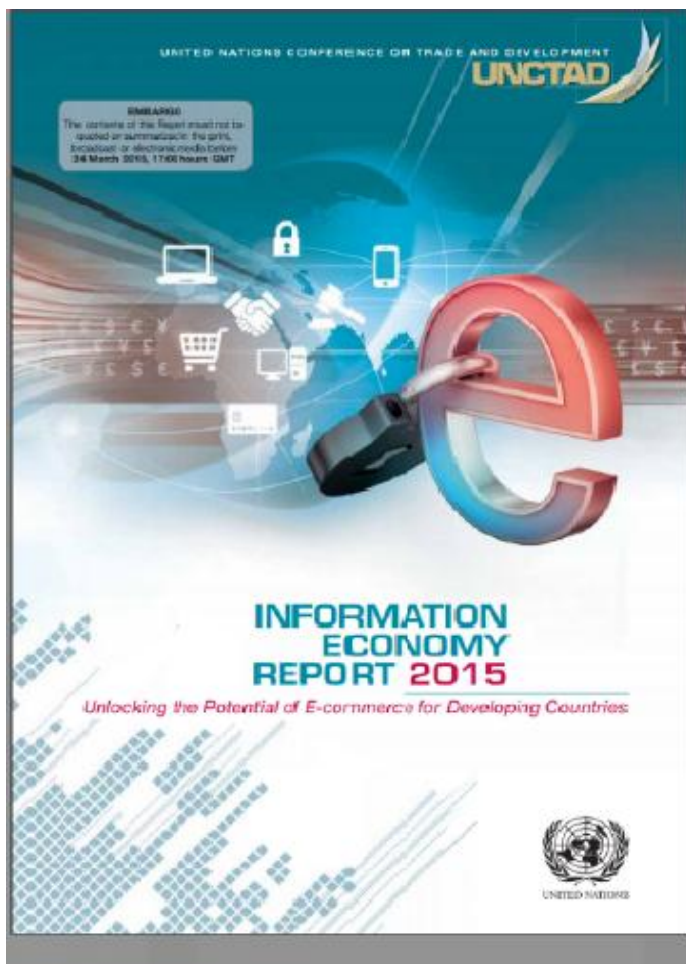
Competition Policy in the Digital Era

Teresa Moreira

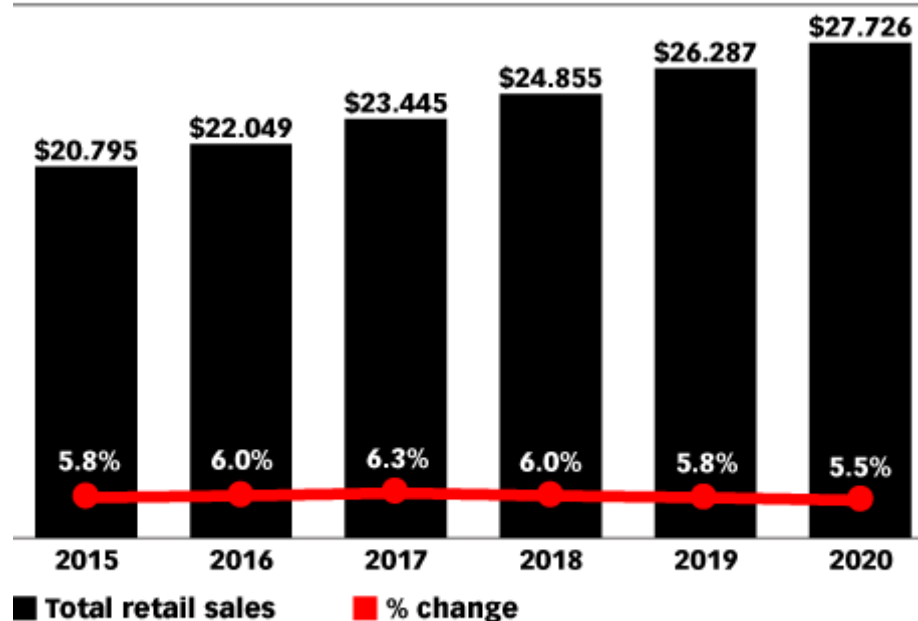
Head, Competition and Consumer Policies Branch

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UNCTAD Information Economy Report 2015



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



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

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www.eMarketer.com

UNCTAD Information Economy Report 2015 (2)

- "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 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). (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 challenges for Competition law and policy

- 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**.



- **United Nations Guidelines for Consumer Protection** (2015) address these new challenges for consumers and Consumer Protection agencies across the world. **OECD** policy guidance are important sources of best practices.
- 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.



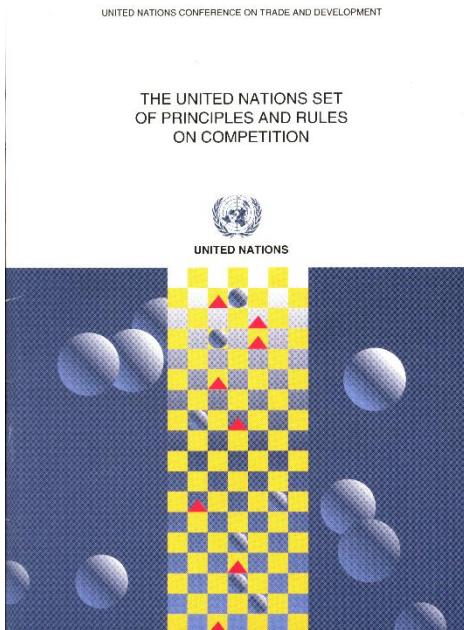
International Cooperation

- 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:

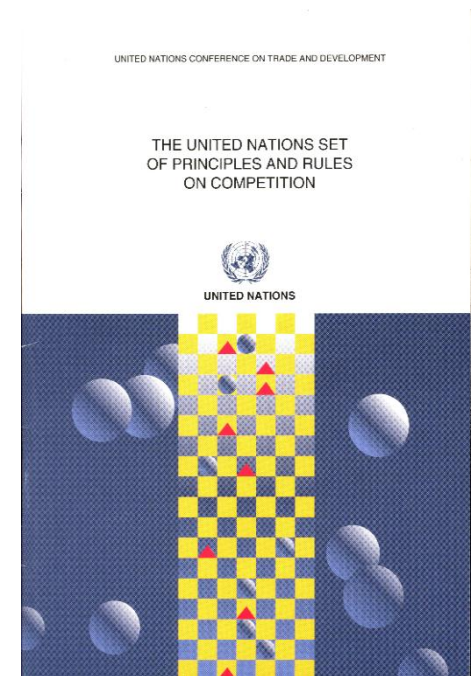
- **Rules** for the control of anticompetitive practices,
- **The development dimension** of competition law and policy,
- **Framework for international cooperation** exchange of best practices.



2010 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 !

teresa.moreira@unctad.org

<http://unctad.org/en/Pages/DITC/CompetitionLaw/Competition-Law-and-Policy.aspx>



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