

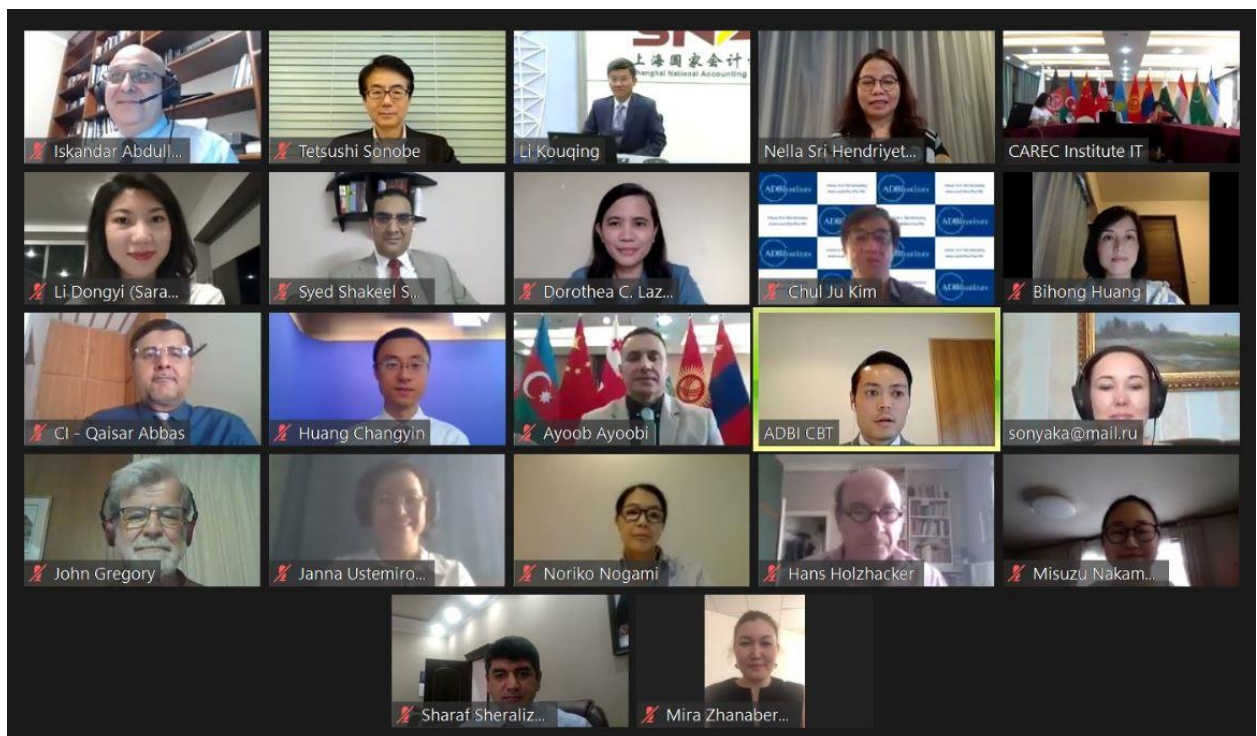


CAREC Institute

Regulatory Framework for e-Commerce Development in CAREC

Virtual Workshop Proceedings Report

28 May 2020



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This proceedings report is one of the outputs of the virtual workshop on “Regulatory Framework for E-Commerce Development in CAREC Region”. The workshop was co-organized by the CAREC Institute and the Asian Development Bank Institute in collaboration with the Asia-Pacific Finance and Development Institute on 28 May 2020. It aimed at exchanging views and research findings on e-commerce development for the CAREC and other Asian sub-regions.

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Abbreviations

ADB	Asian Development Bank
ADB I	Asian Development Bank Institute
AFDI	Asia-Pacific Finance and Development Institute
B2B	Business to Business
B2C	Business to Customers
CAREC	Central Asia Regional Economic Cooperation
CEFACT	United Nations Centre for Trade Facilitation
CITA	CAREC Integrated Trade Agenda
E-Commerce	Electronic Commerce
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
IMF	International Monetary Fund
PRC	People's Republic of China
SME	Small and medium size enterprise(s)
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program

Introduction

Public and private sectors have long recognized the potential for electronic commerce (e-commerce) to facilitate commercial transactions and thus to increase digital trade and generate wealth. Studies in Asia and around the world have demonstrated significant potentials for e-commerce and the benefits it brings to societies. In these days when COVID-19 has impaired personal travel and shut business in the real world, e-commerce has demonstrated resilience and incredible value in keeping virtual venues open for businesses and consumers.

E-commerce cannot simply be wished into existence. It requires economic, technical, and cultural conditions as enabling environment to have its potentials and benefits optimized. Since e-commerce operates in the virtual world mostly, right policy choices are often the first steps in paving the way for its development. More importantly, the legal and regulatory framework for e-transactions must be favourable to e-commerce. Regulations need to validate forms of dealings that did not exist when many laws were written. Legislative frameworks also need to regulate activities to ensure honesty, fairness, and privacy in e-transactions in the Internet age.

The Central Asia Regional Economic Cooperation (CAREC) Program has a keen interest in these issues, as the program promotes economic cooperation in a geographically and economically diverse area with quite different levels of e-commerce implementation among member countries. Hence, the CAREC Institute, as the CAREC Program's knowledge arm, undertook a research on e-commerce regulatory framework in the CAREC countries in 2019. Based on the research findings, the CAREC Institute, in collaboration with the Asian Development Bank Institute (ADBI), and the Asia-Pacific Finance and Development Institute (AFDI), held a virtual workshop on 28 May 2020. The overall aim of this workshop was to share findings of the ADB-CAREC Institute recent research on e-commerce with leading experts of member countries and to update knowledge and upgrade skills for e-commerce development through regional cooperation.

Around 200 participants from CAREC and Asian sub-regions participated in the capacity building event. Presentations were made on the legal and regulatory issues and on developments of e-commerce in the PRC, which has by far the most developed electronic market and society in CAREC. Attendees were given opportunity for questions after each set of presentations and in the later part of the event.

Opening Remarks

Dr. Iskandar Abdullaev, the CAREC Institute Deputy Director Two, opened the workshop by summarizing e-commerce development status in the CAREC region bred from the CAREC Institute's recent research findings. Shortly, he introduced the speakers: Ms. Emma Fan, Director of Public Management, Financial Sector and Regional Cooperation Division, East Asia Department of ADB, Dr. Tetsushi Sonobe, Dean of ADBI, Mr. Syed Shakeel Shah, Director of the CAREC Institute, and Professor Li Kouqing, President of AFDI and gave the floor to them.

The speakers provided thematic overview of e-commerce in Asia and the Asian sub-regions. They pointed out the role that e-commerce had played during the 2020 pandemic in keeping economies alive, notably for small and medium enterprises (SMEs). They also highlighted some of the challenges both operational (like supply chain logistics and customs handling) and economic (the digital divide between those with access to e-communications and technology and those without). Other issues raised in the opening remarks included the increased opportunities for cybercrime as transactions went online, the risk of anti-competitive conduct by businesses that first occupied the electronic marketplace, and the general threat to individual privacy in an economy driven by the value of data.

Almost all speakers viewed research and capacity building as the right and effective response to the challenges and prospects of e-commerce development in CAREC. They believed that through education and cooperation, best practices could be shared, and lessons could be drawn for further development of e-commerce. The opening remarks set the stage for leading experts and country representatives to present their research findings on different aspects of e-commerce development.

Session 1: Overview of e-Commerce Development Status and Potential in CAREC

The session was organized around a set of presentations on **overview of e-commerce development status and potential in CAREC**. The session presenters were Ms. Dorothea C. Lazaro, Regional Cooperation Specialist from ADB; John Gregory, E-commerce International Legal Expert; and Dr. Qaisar Abbas, Chief of Research Division, CAREC Institute. The session moderator was Eisa Khan Ayoob Ayoobi, Chief Capacity Building Division, CAREC Institute.

First, Dorothea Lazaro of the ADB from Manila, the Philippines, made the first presentation – CI-ADB E-Commerce Research Background and Inception – of the session while describing the CAREC/ADB strategy for e-commerce development and its role in CAREC Integrated Trade Agenda (CITA) 2030. She started with an overview of e-commerce development in CAREC countries. She highlighted that while e-commerce was well developed in the PRC, other CAREC countries were making some progress, notably in mobile payments, telecom development, e-tax filing, and the like. However, much more is needed for other countries to utilize e-commerce.

According to Ms. Lazaro, the research had produced a significant study of legal and regulatory regimes across CAREC, including a gap analysis focusing on required reforms. This study would be published in the third quarter of 2020. Phase two of the research project would examine practical infrastructure issues like logistics and payments, focusing on best practices that could be emulated in CAREC countries and beyond. The study would also focus on means to increase the interoperability of trade platforms in the region. The research findings had demonstrated positive developments – network coverage has been improving and mobile phone plans getting economical. Mobile banking applications showed promise. Several statistics were set out in the presentation. Among them, it was noted that 20% of the population of CAREC (not including the PRC and Afghanistan due to over and under developments in e-commerce) used e-commerce in a business-to-consumer (B2C) transaction in 2019.

Despite progress, some CAREC societies still showed a strong preference for in-person transactions based on cash. Trust had not progressed far enough for prevalence of online transactions. Delivery systems did not exist in many areas. A holistic model was needed to engage stakeholders in all fields. In particular, cross-border e-commerce would build on national platforms through trade facilitation measures. To that end, ADB has been designing a trade information portal to be launched soon.

Next presenter was John Gregory, an international e-commerce legal consultant from Canada. His presentation was on “Priorities for e-Commerce Law Reform in CAREC,” in which he outlined why electronic communications presented problems for existing legal regimes and how the global community had proposed to solve them. The principles developed by the United Nations Commission on International Trade Law (UNCITRAL) were recognized around the world. Technology neutrality, non-discrimination against e-communications and minimal impact on existing legal relations were some of commonly recognized principles. However, countries developing an electronic economy needed to regulate some elements beyond the UNCITRAL texts. Among others, fighting cybercrime, promoting privacy, and protecting consumers online are some of the key areas to address.

Governments need to decide how much technological freedom to give businesses, or in other words, how much protection and control the state should impose on the technology used for e-commerce. How much risk should be allowed in the system, and who should bear it: consumers, businesses, the public sector. Different actors have different estimates and understanding of risk and different tolerance of it. These differences were a challenge to harmonized law reform.

In addition, the state role in regulation depended not only on the will to regulate but on the capacity to do so. While global models existed for laws on cybercrime, privacy, and consumer protection, governing these areas effectively required resources and administrative mechanisms that were not equal among all states. Having the right legal text was only the beginning and not necessarily the most important element in getting e-commerce developed. Law reform needed to rely not only on national laws but also on international perspectives. Adherence to international treaties could facilitate harmonization of standards and outcomes. Many of the regulatory goals could not be achieved without collaboration on cross-border actions.

In the final part of the first session, Dr. Qaisar Abbas of the CAREC Institute presented the main findings of the research conducted in Phase 1 and the policy options available for e-commerce legislation. International harmonization was an important theme, and how CAREC could create an effective regulatory regime. He noted that CAREC currently did not have consistent laws in the field – laws were often not compatible from country to country and not comprehensive in their scope. He recognized challenges to harmonization but stressed the importance of adhering where possible to global models, notably the United Nations and Organization for Economic Cooperation and Development (OECD). Reliable enforcement of new legal rights was also vital. Dr. Abbas's presentation set the stage for the session's question and answer discussions.

Session 1 Q&A

At the end of the session, time was given for open question and answer dialogue between participants and speakers.

One participant asked how governments could control 'dual-use' goods within the framework of electronic commerce. Dual-use or 'strategic use' goods were those that had both normal commercial applications and military uses. They were often subject to export or import controls. This question was answered by John Gregory. "Dual-use goods were common in the 'real,' offline world, and governments worked out compromises with their business sector, both exporters and importers, to manage the risks. This policy should be the same even if the 'goods' were in electronic form, such as encryption programs or hacking exploits. However, detecting the movement of such goods across borders could be very difficult – just as detecting the movement of electronic financial assets posed problems for taxing authorities. The solution probably lay in governments watching markets and market actors carefully in domains of interest, and knowing what one's own private sector capacities were, so as to be able to ask good questions about its customers."

Another question was about a 'multi-ministry task force for law reform,' mentioned in the presentation, and which terms of reference could regulate its work. Dr. Abbas answered the question by stating that each country must decide on its priorities, some would prioritize implementation of e-transaction laws, others - harmonization of one's laws with one's neighbours' laws, etc. The point of the presentation was that the work done should include many parts of the government (so 'multi-ministry') and not just a single department or agency like Justice or Foreign Affairs. Ideally, there would be private sector representation or outreach as well. An early task of such a task force could be to set the priorities for its future work.

The question about the government control of ‘big tech’ was answered by John Gregory. “That was a serious question without an easy answer. Some candidates for the Democratic nomination for president earlier this year had proposed breaking up big tech companies like Amazon or Facebook into smaller, easier-to-regulate parts. Many countries had some kind of competition policy, though it was faced with arguments that many of these big companies were ‘natural monopolies,’ i.e. there was only room in the market for one of them. CAREC states had a large number of more manageable tasks in front of them, and they could carry them out without getting to or having to answer the big tech question. Big tech companies could be helpful in collaborating with government in extending services to under-served areas.” *NB: There was a reference to big tech companies, extending support to under-served communities in Dr. Bihong’s presentation in the following session.*

Other questions included how countries should get started with the e-commerce law reform, to which Dr. Abbas and John Gregory provided answers by stating that a country should follow the international models – both what some CAREC countries and Asian states have done. Many of the model laws published, for example, by UNCITRAL had guides to enactment or interpretation that show the real-world application of the rules. Moreover, many international agencies, such as the United Nations Conference on Trade and Development (UNCTAD), the UN Economic and Social Commission for Asia and the Pacific (ESCAP), and the UN Centre for Trade Facilitation (CEFACT) – among others – have produced guidelines and handbooks on how to choose one’s priorities and how to carry them out in undertaking e-commerce reform.

The last question of the session was about regulating the taxation of large online markets. John Gregory addressed the question by elaboration that “taxation of e-commerce transactions could be difficult, especially for financial transactions or sales of digital goods, because knowing that the transactions even exist was hard. This was especially true for international sales. Countries often had a good knowledge of domestic industry, to the point of being able to find out what their revenues are. Tax treaties might provide some help in coordinating investigations. Sometimes tax authorities could look for substitute indicators of activity, where the primary transaction could not be detected.”

Session 2: Lessons Learned from the PRC and Best Practices in Asia

This session was allocated to the CAREC Institute partners to share their research findings on **lessons learned from the PRC and best practices in Asia**. The session presenters were [Dr. Bihong Huang](#), Research Fellow, ADBI; [Dr. Huang Changyin](#), Senior Economist, AFDI; and [Li Dongyi](#), Director of North America Markets, DHgate.com. The session moderator was [Dr. Chul Ju Kim](#), Deputy Dean of ADBI.

Presenters offered research findings of their respective institutions. While the first two presenters from ADBI and AFDI disseminated findings of their recent research on e-commerce development, the last presenter gave a comprehensive presentation on how e-commerce was evolving and transforming digital trade in the private sector. Overall, the second session reviewed three elements of the Chinese experience: rural development, electronic payments, and supply chain management. There were lessons for CAREC in these experiences since e-commerce has helped alleviate poverty and increase trade, even in landlocked areas.

In the first presentation, [Dr. Bihong Huang](#) described Chinese initiatives to extend e-commerce into rural areas, where poverty has been traditional. While e-commerce was shown to double the role of exports in an economy, it was easier to do it in cities than in rural areas. Three challenges were faced in less developed areas: the lack of infrastructure, the lack of finances, and the lack of knowledge. It was highlighted that in the PRC, much effort was put into physical infrastructure – over a million miles of roads had been built in the last decade and broadband service extended. Nonetheless, the ‘last mile’ problem of home delivery persisted. Building the final connection was not lucrative enough to

pay for itself. Direct investment seemed to be called for. Alibaba had been operating in a public-private partnership with the Chinese government, persuaded to subsidize some of the infrastructure. They got customer data from sales to lead demand-driven e-commerce development across the country.

However, on the financial side, most rural Chinese residents now have bank accounts, but they are yet to get credit cards. Financial technology had been helping, notably Alipay with non-bank payments. Small businesses needed credit card for selling online and to pay suppliers before the goods were sold. Alipay could offer quick loans because of their knowledge of people's financial histories, which could be extended to creditworthiness. They had set up "3-1-0" systems, where an online application for credit could be made in 3 minutes and approved in 1 second with no live human intervention.

For knowledge transfer, the government had sent rural information officers to village common terminal sites stocked with computers to teach people how to use machines and the Internet for their own sales as well as purchases. Rural populations are also taught manufacturing skills, including logistics and delivery options. As a result, many villages were now exporting manufactured goods in addition to their traditional export of agricultural products.

The second presentation was by Dr. Huang Changyin who spoke of electronic payments and their crucial role in the development of e-commerce in the PRC. Dr. Huang described the competition between traditional banks and financial technology companies, notably Alipay and WeChat. The latter were much more flexible and customer-oriented than the banks and have captured a lot of their markets. For example, the banks had a minimum level of assets required to offer wealth management services. Alipay offered them no minimum requirement. Ease of use was important, especially for seniors. For example, WeChat had used facial recognition for signing onto mobile devices. Alipay had devised a system for street vendors to take payment by QR code. Such modern methods of conducting bank-related activities have made the financial technological companies lead the way in e-payment.

The banks had asked for more flexible regulations in order to be able to compete. Government had also been required to step in to harmonize technical standards. In a competitive world, each tech company wanted to use its own proprietary standards, which reduced the chance for competition. Furthermore, many of the consumer convenience and low or no fees for service came at the price of massive use of personal data. People had become nervous about the use of their data and had been asking for privacy laws. Likewise, the security involved in the QR codes could be open to question.

The appropriate response was collaborative laws – all participants in the market to contribute to the law-making process. In addition, businesses should help create a reserve fund to compensate consumers for loss from computer fraud (in the form of insurance). Finally, broader regulation was needed to ensure equal protection from all threats, whether high-tech or more traditional entities.

The final presenter in session 2 was Li Dongyi, an Executive Director of one of the e-commerce global companies based in the PRC, who described her company's efforts to make its global supply chain resilient in the face of COVID-19. As a background, she spoke of Chinese e-commerce law of 2019, which highlighted consumer protection and privacy rights in order to legitimize e-commerce as a key pillar of economic growth. The law also, according to Miss Dongyi, favoured the interests of SMEs and cross-border e-commerce (or both importers and exporters). However, the most important obstacles her company faced in early 2020 were finding supplies (e.g. hand sanitizer in March/April 2020, where searches of the site for this product increased by 600 times, starting in January); access to markets (e.g. a key path to markets, trade shows, were cancelled for most of the year); buyers' preferences for local suppliers for reasons of trust; and the fall in logistic efficiency because of the virus (e.g. the standard 3 or 4-day shipping from the PRC to the United States took 10 days or more.).

The company had responded by relying on artificial intelligence and big data to model probable demand. They had also used digital methods to increase manufacturing, and indeed had expanded their operations to all facets of the supply chain. They had also created digital trade centres offline to display goods and fulfill orders. They had formed partnerships with freight carriers to coordinate their logistics, and thus were able to achieve good results. In short, her company had no choice other than transforming itself virtually to the best and simplest ways possible. Hence, her company's case study demonstrated how digital technologies could help make companies resilient via virtual venues – offering supplies to millions of global buyers in seven languages. “E-commerce, indeed, transforms and makes companies resilient even in the face of severe and unusual threats,” she concluded.

Session 2 Q&A

At the end of session 2, time was provided for open dialogues between participants and leading experts. The first question was about ways to ensure inclusive service to poor people in South Asian economies. Dr. Bihong answered the question by stating that many of the low-income families in Asia were in rural areas. Addressing the challenges required collaboration between the public and the private sectors, as she also described in her presentation in the session. According to Dr. Bihong, private enterprise and organization had combined with public financing to enhance public works. He was also asked how CAREC governments could engage the private sector if the private sector was weak. Dr Bihong replied that, in that case, the country shall open its markets to international participation and collaboration with local businesses. The domestic businesses would learn from collaboration and this way the private sector would be able to grow and attain share of the market over time.

Another question referred to the risks of data sharing, mining, usage. Dr Huang replied by confirming that it was true that people in the PRC had become worried about the use of their personal data. A number of approaches could be used. One should start with education: letting people know how to protect themselves, for example through specialized apps in their mobile phones. In addition, government can encourage business, including the fintech companies, to leave their data “faceless”, i.e. depersonalized. Some personal information can be left out from the data stream, e.g. do not link business or consumer behaviour statistics with an individual. Such information could be traded, it has value as a database, and not just for the business which collected these data. In any event, the big data market needs to be regulated to prevent abuse. People had looked at data leakage at Facebook and had expressed concerns whether WeChat would have similar issues. The Central Bank had stepped in to regulate e-payments and had all payment information channeled through the Bank, which reduces the risk that any data would leak from the system.

Also, Dr. Huang was asked which banking laws are needed to promote e-commerce. He answered that the trend had been for government to regulate banks with more restrictions than apply to financial technology companies. More regulatory freedom would allow greater competition. Banks wanted more flexibility, e.g. to reduce their minimum asset level to offer wealth management services.

Participants went on to ask if Chinese supply platforms were open to foreign participants. For example, Amazon in PRC has only about 1% of the market. Ms. Dongyi answered the question by saying that Amazon may have failed to localize its business model in the PRC. She said that her company's business considered the local commercial culture and tailored its offerings accordingly. Her company considered that they did both globalization and localization. They helped their business clients adapt to the local customs. They took a business perspective – what would customers be comfortable buying – rather than a policy perspective – what should our market share be.

The last question of session 2 was addressed to Ms. Dongyi about types of public policies to promote private e-commerce businesses. Her answer was that governments could support SMEs in going digital, notably outside the PRC, since there was a global need for these companies online. Her company also worked with non-governmental organizations (NGOs) to help educate SMEs in technology matters. Simplified regulation would increase efficiency for both the supply and the demand side of transactions.

Open Dialogue Session

Several panellists from CAREC countries and other Asian sub-regions were invited to provide their own national situations and raise questions for two discussants, Dr. Iskandar Abdullaev, the CAREC Institute Deputy Director Two and Dr. Hans Holzhacker, the CAREC Institute Chief Economist. This open dialogue session was moderated by the CAREC Institute Director, Mr. Syed Shakeel Shah.

Dr. Holzhacker noted that the problem was much bigger than the elements canvassed in this workshop. E-commerce could bring huge economic and social changes, especially to rural areas. A good deal of research remained to be done. He asked panellists to tell the workshop one lesson they had learned, one best practice applicable to their country, and one obstacle in their country to the development of e-commerce. Based on the questions of the discussant, panelists provided country-specific presentations. Subsequently, the dialogue session was open to all participants to ask questions and give comments.

Firstly, an invited panellist from Bangladesh gave a brief presentation. He highlighted that the benefits of e-commerce were not disputed, but many countries did not have the capacity or infrastructure to take advantage of them. Banks had mobile payment plans, but they were not widespread. The education system did not train in e-commerce skills. The government needed to help. More reliable connectivity would be a good place to start. One could learn a lot from the presentations in the second session about what had worked in the PRC. The representative thanked the workshop organizers for facilitating such an important knowledge sharing event.

In turn, Dr. Abdullaev as the session's discussant took the floor to highlight that e-commerce could help relieve youth unemployment in CAREC. He urged CAREC countries to utilize potentials of e-commerce. He invited Afghanistan country representative, Ms. Mariam Ghaznavi, to give her country specific presentation. Ms. Ghaznavi started by pointing out the relevance and importance of expert presentations delivered in earlier sessions, and notably the discussion of payment options besides credit cards and the traditional banking system, such as social media payment systems, QR codes, and others. According to her, Afghanistan has weak IT infrastructure and lacks secure online payment methods. This determines high reliance on traditional in-person cash payment system.

In Afghanistan, most of what existed was business-to-consumer (B2C) e-commerce, not so much business-to-business (B2B). There was potential for the government and the private sector to promote innovation and digitization. The focus was on particular areas, notably the economic sector and customs. There had been a feasibility study on cross-border classifications for customs purposes. They needed a firm legal basis for electronic transactions: electronic systems and e-documents. They needed to invest in IT infrastructure. They also needed work on basic delivery, to plan for a street and address system so goods could be delivered where they were supposed to go. Many households did not have bank accounts, and microbusinesses as well needed to be encouraged to have them. They needed access to banks and to the Internet.

Government was supporting businesses that opted for innovation, through distribution centres, loans and access to other financial aids, and education. They needed to capitalize on the skills and

capabilities of the public sector so that it could support private business. A consumer protection law existed but the government needed to sharpen its focus and take a more targeted approach. There remains much work to be done. The government has committed resources and set priorities and is developing policies that would allow private innovation to move the development of e-commerce in Afghanistan.

Dr. Abdullaev responded to Afghanistan's representative and affirmed that benefits would flow once both public and private sectors cooperate in e-commerce. He also pointed out that when a country targeted e-commerce, it should not forget its enhancement of regional trade across borders. Then, Dr. Abdullaev handed the floor to Kazakhstan representative, Ms. Mira Zhanabergenova, Director of CTPD-QazTrade.

Ms. Mira started her presentation to remind all that the impact of the pandemic in Kazakhstan was to increase e-commerce activity by 20%. They had been paying more attention to e-commerce in 2020. The Ministry of Trade and Integration had formed a five-year plan to develop e-commerce infrastructure, with special programs to support SMEs in e-commerce. They were also working with the ITC sector to develop their networks and build capacity in Kazakhstan. In response, Dr. Abdullaev recognized that Kazakhstan had made a lot of progress in the past couple of months. One could buy just about anything online now with delivery to the place where the order had been made. Good e-payments were a crucial part of e-commerce and Kazakhstan is surely undertaking efforts in this regard. He also emphasized that in rural communities, e-commerce meant not only more spending online but also more selling, notably of agricultural goods.

Dr. Holzacker commented that it would be interesting to trace the connection between digitization programs and e-commerce activity, particularly in Kazakhstan, Kyrgyz Republic, and Uzbekistan. One should keep in mind that more connectivity may support the stronger party and risk a concentration of economic power. Those who adjusted quickly to the new reality would prosper, but this might have social consequences in increasing inequality. Regulation may be needed to deal with potential socio-economic consequences.

Dr. Abdullaev state that development of e-commerce had become an imperative for everybody, especially during the pandemic. The digital divide was a widespread issue in e-commerce including in many CAREC countries. Many states had infrastructure programs to expand mobile access. Lack of Internet access had been a problem for proposals to expand online education. Infrastructure alone was not enough. Education was needed on how to use the services, i.e. ensuring secure practices. Rules should be developed for actions by government and by the private sector to avoid restrictions that might get in the way of development or innovation, notably by SMEs.

The floor was given to the representative of Turkmenistan, Mr. Myrat Myradov, Head of Division, Ministry of Trade and International Economic Relations of Turkmenistan. According to Mr. Myradov, recently, Turkmenistan had adopted a law on e-documents including document flows and electronic services. The law aimed to support e-commerce. There was a project on development and expansion of e-commerce in Asia, in which Turkmenistan worked with the United Nations Development Program (UNDP). Dr. Abdullaev noted that there were other international partners active in the region, like the World Bank, IMF, and ADB.

Dr. Abdullaev also noticed that a lot of foreign companies worked in CAREC member states, but there was also a growing number of local online businesses, providing services as well as goods. This could be seen in Kazakhstan and Uzbekistan. Countries could learn from Chinese experience and elsewhere to pay more attention in infrastructure and services in rural areas, and to payment systems. Mobile

payment systems were now spreading to rural areas in Central Asia, but there was still a big opportunity to develop online agricultural trade.

Closing Remarks

Director of the CAREC Institute, Mr. Syed Shakeel Shah, noted the great push to develop e-commerce among CAREC members. All participants recognized the opportunity it presents. There was a clear road map in the Chinese experiences that the workshop heard about. The workshop had also noted milestones in the development of a legal framework, including consumer safety laws and laws on e-payments. CAREC members could all consider the steps described by the speakers in this workshop, which provided a good ecosystem for the development of electronic commerce.

Deputy Director Two of the CAREC Institute, Dr. Abdullaev, remarked the inevitability of becoming digital and the momentum of change. He spoke of a structured dialogue about what to do next. He stressed the importance of collaborative research among the CAREC Institute and its partners and announced phase 2 of the research program on e-commerce to focus on e-commerce infrastructure.

There was still a need for good data on trade, showing how much of it was electronic and where it was growing: in what sectors and in what regions, for what commodities. E-commerce was an element of good trade generally, so one needed to be mindful of fair practices, secure communications, and the like. Participation of both government and the private sector to achieve holistic results was needed.

The role of knowledge institutions like the CAREC Institute, ADBI and others is important in seeking out the best practices to build capacity for further development of e-commerce and overall digital trade. Digital trade and e-commerce development are taking place in the whole world. Central Asia does not have to invent its own solutions for all challenges. They needed to borrow the good ideas from elsewhere and indigenize them to fit their needs.

The final speaker, Dr. Chul Ju Kim, Deputy Dean of the ADBI, noted the richness of the discussions that took place throughout the workshop. It was particularly suitable to discuss e-commerce in this virtual format. It was clear that e-commerce had greatly reduced inequality in Asia and had helped SMEs survive the COVID-19 crisis. However, Asia was still underserved and not evenly served by e-commerce, so there was a lot of potential for its expansion among CAREC members. Some potential negative aspects had been discussed: cybercrime, lack of privacy, and the like. Dr. Kim's takeaway was that technical development on its own was not enough to achieve well-functioning e-commerce merely through connectivity. He stated that there were potential negative elements that needed to be recognized and combatted collectively under regional cooperation.

Dr. Kim recapped that the policy options elaborated should have these characteristics:

- Holistic (the economic, legal, and cultural facets should work together flexibly)
- Part of an ecosystem involving all stakeholders, including the private sector, with appropriate regulation, and open enough to competition to admit new market participants; and
- The product of regional cooperation, for example with a database of laws promoting e-commerce, and sharing the lessons from the Chinese experience discussed in the workshop, cooperation should extend to adopting harmonized laws on the topic.

In his concluding remark, Dr. Kim confirmed that the ADBI would continue working with the CAREC Institute to provide research and capacity building activities in support of e-commerce development in CAREC.

Mr. Syed Shakeel Shah then closed the workshop, noting the success of the virtual method of its conduct. He emphasized the services that CAREC Institute offers to member states in supporting the development of legal and regulatory frameworks for e-commerce and invited members to take advantage of them. He thanked all speakers, moderators and participants for the contribution and active participant and subsequently closed the workshop.

Read also:

[Policy Brief on Regulatory Framework for e-Commerce Development in CAREC Development Asia blog on e-Commerce Development in CAREC](#)