Assessing the Development, Risks and Opportunities of Cross Border E-Commerce in Developing Countries: Jamaica’s Perspective

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Introduction

Cross border e-commerce, or international commerce, refers to the buying and selling of goods and services via media platforms, in situations where borders, language and currency may or may not be shared.

The advent of technology and cross border e-commerce - convenience at what cost?

Challenges for developing countries facilitating e-market - language, culture, payment methods, security, efficiency of technological capabilities.

Increased benefits vs increased risks and challenges - Job creation vs Job loss.
Typical Cross Border eCommerce Cycle

1. Creates Account with Local Courier
2. Makes Purchase
3. Send Goods
4. Send Goods
5. Clears and Deliver Goods
NB: Data used for only 4 entities involved in eCommerce Trade in Jamaica FY2018/19
Over 50 entities are estimated to exist and operating.
Customs Cross Border eCommerce Examination
Research Questions

What is the impact of cross-border e-commerce on trade within developing countries?

What are threats, challenges and opportunities faced by developing countries?

What is the impact of cross-border ecommerce on government policies?
Supporting Literature

• Mlelwa, Chachage & Zaipuna (2015) - The development of cross border ecommerce – increase volume in buying and selling since increase in internet use and access

• Terzi (2011) – Developed countries stand to gain more, job losses and job gains

• Gomez-Herrera, Martens & Turlea (2014) – Increase in parcel delivery companies, employment, convenience of trade
Impact of E-Commerce-Developing Countries

• Increased interaction with and commencement of trade in certain international markets, which was previously unattainable.

• Developing Countries at a disadvantage-inability to produce on large scale as developed countries- merely consumers, not producers!

• Disparity in exchange rates- developing countries undoubtedly cannot compete in a market dominated by developed countries.

• Creation of job opportunities and naturally fosters growth in entrepreneurial businesses.

• Loss of jobs in certain sectors-
Risks of Cross Border E-Commerce

• Disparity in technological advancements with respect to e-banking resulting in long term financial impact- out-dated banking technology and practices undoubtedly is time consuming and will eventually lead to increased maintenance cost.

• Heightened risk of security breaches- trust, perceived risk and dishonest practices associated with e-commerce

• Language and cultural barrier – differences in language and cultural practices impedes the success of cross border e-commerce

• Government policies and legislation-how they impact access to cross border e-commerce
Methodological Approach

Qualitative Approach

Purposive Sampling

Interviews

Stratified by Demography: Gender
Research Findings
Types of Business Structures

- Increase exposure to potential customers
- Ease of access to various goods and services.
Trust Factor – Cross Border eCommerce

- Preference of doing business with first world developed countries as opposed to their counterparts in other developing countries.
Challenges Faced by Vendors

- Heightened distrust of vendors in other developing countries
- Customers still preferred a face to face interaction with vendors- this is a direct result of the dishonesty attached to e-commerce
- Out dated banking platform
Implications for Customs in Developing Countries

• Ensure that technological capacity advances at rate which facilitates continued growth in e-commerce.

• Streamline procedures to ensure the efficient and smooth processing of goods being imported and exported.

• Possible increase in jobs to meet the demands of the e-commerce trade sector (or the reciprocal due to advanced use of technology).

• Increase investment in Non-Intrusive Inspection machinery or equipment
Conclusion

- The case study conducted shows that cross-border e-commerce offers many opportunities for developing countries to experience economic stability.
- Developing nations have experienced significant shifts due to advances in telecommunications.
- There has been an increase in online businesses, however developing nations are still at a significant disadvantage.
- Developed nations manufacture more and are able to offer more competitive prices, they have more advance technologies whilst developing nations struggles more with the risks of internet security, online payments and customs fees.
- A dedicated and integrated plan for the sector is required, driven by information to maximize its benefits. Government policies to properly incentivize and support the growth of the sector whilst maintaining its’ border security is a must.
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