



WORLD TRADE ORGANIZATION
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E-COMMERCE , TRADE AND THE COVID-19 PANDEMIC

INFORMATION NOTE ¹

KEY POINTS

for consumers. E-commerce can also support small businesses and, by making economies more competitive, be an economic driver for both domestic growth and international trade.

The pandemic has highlighted the importance of digital technologies in general, but also several vulnerabilities across the world. The resulting experiences and lessons are relevant to various discussions in the WTO, including those on electronic commerce, which could benefit from looking at greater international cooperation to facilitate the cross-border movement of goods and services, narrow the digital divide, and level the playing field for micro, small and medium-sized enterprises (MSMEs).

1 OVERVIEW OF THE E-COMMERCE LANDSCAPE IN THE CONTEXT OF COVID-19

B2B and B2C online sales of physical goods have recently experienced a surge of demand in certain products due to the COVID-19 pandemic. Initially, many businesses and consumers responded by stocking up. Medical supplies, including hand sanitizers, disinfectants and surgical facemasks, as well as household essentials such as toilet paper and non-perishable foodstuffs were stockpiled. Businesses were faced with teleworking, and homebound consumers had to communicate and entertain themselves remotely. Many governments have enforced social distancing measures, instituted lockdowns and/or temporarily closed "non-essential" businesses.

The result has been a spike in online purchases of some products, as well as an increased demand for a wide range of digital services, as many consumers resorted to online shopping – either internet-enabled or by telephone. Several brick-and-mortar businesses have therefore shifted resources to e-commerce. The increase in the number of consumers flocking to digital services has spurred both suppliers of these services and telecommunications operators to enhance their network capacity and to offer advantageously priced or free data and service packages.

Given the way in which commercial activities are intertwined and supply chains operate, the relative shift to online B2B and B2C sales by means of retail and wholesale distribution services is dependent on manufacturing activity and on the availability of services. However, these were also disrupted by the measures instituted by governments to contain the spread of the virus. First, manufacturing in many economies came to a halt as a result of the lockdowns, thereby resulting in a decrease in production and labour shortages in many countries. Second, online purchasing of goods has been subject to the same supply chain bottlenecks as physical purchases. International transport and logistics services have been affected by the introduction of new health regulations, as these have severely disrupted most international means of transport – land, sea and air cargo.

2 MEASURES AND ACTIONS TAKEN TO FACILITATE E-COMMERCE OF GOODS IN RESPONSE TO COVID-19

In order to implement effectively the social distancing measures aimed at containing the further spread of COVID-19, several governments around the world have encouraged online purchasing as an alternative to physical shopping, and consumers have adapted their shopping patterns and behaviours.

the holiday accommodation rental platform AirBNB has experienced a dramatic reduction in customer traffic.¹¹

However, spurred by social distancing and stay-at-home requirements, e-commerce in services that can be delivered electronically has flourished, with demand rising sharply. While it may be a short-term phenomenon that might not last beyond the current crisis, as with online shopping, longer-term shifts in customer habits could potentially make businesses and consumers more accustomed to consuming online services in both work and personal settings.

One example is media services. Facebook reports that its online messaging, voice and video call services are up by more than 50 per cent, with Italy showing a 70 per cent surge overall, and a 1,000 per cent increase in group calls. Spain's Telefonica has seen an increase in IP (i.e. internet protocol) and mobile data traffic of 40 per cent and 50 per cent, respectively. Thailand reported an 828 per cent rise in data traffic from Zoom Video Communications and a 215 per cent spike on Skype video conferencing.

Both companies and governments are moving to address capacity constraints and facilitate consumer access. Some publishers have, for example, made COVID-19-related content freely available online.¹² In addition, social distancing measures have dramatically boosted the demand for audiovisual content; and, as consumers cannot attend cultural events physically, content is being brought online. For example, a number of opera and concert houses have chosen to offer free online streaming of their repertoire.¹³

6 WTO WORK IN THE CONTEXT OF THE COVID-19 PANDEMIC

On-going e-commerce discussions

Work on e-commerce at the WTO continues under a multilateral Work Programme on e-commerce. Also, since the Eleventh Ministerial Conference in 2017, a group of members has been discussing potential rules on e-commerce under a Joint Statement Initiative .

The COVID -19 pandemic has seen an increased use of e-commerce in certain areas as well as e-commerce-enabling services and technologies, generally highlighting the importance of electronic commerce. It has also underlined the continued challenges faced by developing countries and LDCs and the critical importance of bridging the digital divide.

The e-commerce discussions at the WTO – both in terms of the Work Programme and the Joint Statement Initiative negotiations – could benefit from considering the new experiences and lessons emerging from the COVID -19 pandemic , and the challenges and benefits that have emerged could

List of abbreviations

B2B