

1

INTRODUCTION

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E-commerce markets have grown significantly within ASEAN in recent years. According to a report by AT Kearney in 2015, retail e-commerce has a total market size of US\$7 billion in the six largest economies within ASEAN² (AT Kearney and CIMB ASEAN Research Institute 2015). Currently, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines all generate less than 4 per cent of their retail sales online (UNCTAD 2015). This is low in comparison with other e-commerce markets such as the Republic of Korea (16 per cent) and China (7 per cent), which suggests that there is room for further growth in e-commerce (CCCS 2017). In a more recent report, Google and Temasek (2018) estimated that the Southeast Asian internet economy reached \$72 billion in gross merchandise value in 2018. Growth potential in e-commerce and internet-based operations in ASEAN is tremendous, given that the number of internet users in the six largest economies in ASEAN has risen from 244 million in 2015 to 283 million in 2017. The number of internet users in the region is projected to continue to grow at an annual rate of 17.7 per cent until 2020 (CCCS 2017).

The rapid growth of e-commerce markets in the region has brought about significant benefits to both consumers and businesses. From the perspective of consumers, they benefit from an increased access to a

greater variety of goods and services via e-commerce platforms. From the perspective of businesses, they benefit from access to new markets, reduced barriers to entry, and operational cost savings (CCCS 2017).

Despite the growth and benefits of e-commerce, there are challenges that could hinder the growth of e-commerce in ASEAN. In order to realize the full potential of the e-commerce market in ASEAN, improvements are required in terms of technological infrastructure, and in the regulatory and legal environment in which e-commerce firms operate across ASEAN.

In terms of the technological infrastructure development in ASEAN, many ASEAN member states still lag behind in global rankings in terms of the speed, efficiency and reliability of their internet services despite significant investment in their technology infrastructure (International Telecommunication Union 2016). Broadband access also remains expensive in some ASEAN member states in comparison with other developed countries, thereby inhibiting access to e-commerce markets for consumers and businesses (UNESCAP 2013). Other issues that businesses and consumers face in making purchases online include the poor logistics and delivery systems and the weak payment infrastructure in some ASEAN member states, amongst others.

The regulatory and legal environment in which e-commerce firms operate across ASEAN may also hinder the growth of e-commerce in the region if proper regulations and legal framework are not in place in each ASEAN member state. Notably, cybersecurity issues are a key concern for consumers in making purchases online, given that four of the top five worldwide riskiest countries for cyber-attacks are in ASEAN (Sophos 2013). In order to build trust among consumers, further work would be needed to address cybersecurity issues.

Anti-competitive behaviour by firms in e-commerce markets may also hinder the growth of e-commerce in the region. For instance, the anti-competitive conduct of large incumbent firms may restrict entry by new players to a particular market when they are able to exercise market power and thereby exclude or marginalize competitors. Competition authorities therefore have a role to play in ensuring a level "e-playing field" in order to promote the growth of e-commerce in the region. Given that e-commerce is a new emerging sector in ASEAN, it is therefore necessary for competition authorities to look into whether the legal framework provided by existing competition policy and law

would be sufficient to deal with all competition challenges brought about by e-commerce.

From the regional perspective, cross-border e-commerce is particularly challenging in the ASEAN region due to different national rules and regulations in each ASEAN member state. Currently, consumers and businesses are discouraged from purchasing goods and services from overseas firms due to uncertainty of the customs and tax rules in each ASEAN member state. This is because there are differences in the import duties and taxes payable when purchasing goods from different ASEAN member states.

There are also differences in the approaches to the application of competition policy and law in each ASEAN member state. This could pose challenges to firms looking to operate internationally across ASEAN, given that firms may not be fully aware of the differences in the application of competition policy and law in each member state. To address these concerns, ASEAN is intensifying cooperation in the e-commerce sector to facilitate cross border e-commerce transactions in ASEAN as part of the ASEAN Economic Blueprint 2025 (ASEAN 2015).

This book consists of four parts. The first part—Chapter 2—discusses the role played by e-commerce in ASEAN economic integration as well as the challenges in growing e-commerce in ASEAN. The second part—Chapter 3—discusses how e-commerce activities impact competition assessment, focusing on two fundamental steps of competition assessment: (i) market definition; and (ii) market power. The third part—Chapter 4—discusses the role of e-commerce and trade policy. The fourth part—Chapters 5 to 10—discusses the current status of e-commerce development in ASEAN member countries, including Thailand, Indonesia, Malaysia, Singapore, the Philippines and Vietnam. Each of these chapters discusses the key impediments to growth of e-commerce in the country and proposes policy recommendations to (i) grow the e-commerce sector in the country; and (ii) achieve economic integration among ASEAN countries through the e-commerce sector.

NOTES

1. Eileen Lee was a staff member of the Policy and Markets Division at Competition and Consumer Commission of Singapore. While this chapter was contributed by a former staff member of the Competition and Consumer

Commission of Singapore, the views expressed in the chapter are personal and do not represent the official position of the Competition and Consumer Commission of Singapore.

2. The six largest economies within ASEAN include Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

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