

# **NATIONAL E-COMMERCE STRATEGY**

## **SUMMARY**



**Ministry of Information and Communications Technology**

**Policies and Strategies Directorate**

# NATIONAL E-COMMERCE STRATEGY

## 1 INTRODUCTION

This National E-Commerce Strategy is one element of the implementation of Government ICT Policy in relation to the National Agenda.

The objectives of the National E-Commerce Strategy are to mobilise the nation to develop technical and commercial capacity in e-commerce and to adopt e-commerce in trading of goods and services between businesses and with consumers. The reasons for the adoption of e-commerce are to realise e-commerce related benefits and to ensure that Jordan participates in a revolution in trading which is transforming the commercial world.

E-commerce is important because of the benefits to individual firms and the overall economy. E-commerce reduces costs and improves efficiency. E-commerce leads to lower prices for goods and services by making markets more competitive. It leads to improved efficiency, particularly in procurement by automating processes and improving the management of the procurement function. E-commerce allows procuring firms and individuals to purchase more widely and gain extra choice. E-commerce allows selling firms to sell into new geographic markets and into niche markets that would otherwise be uneconomic to serve. Jordan, as an economy, will benefit from e-commerce through increased efficiency and reduced prices. It will also benefit from the investment in e-commerce domestically and in the region. Domestic investment in e-commerce will enable Jordanian IT firms to gain technical and commercial expertise that will differentiate them in export markets for IT services. The improved efficiency and reduced costs from e-commerce will lead to a small increment of growth to the economy and this will lead to some additional employment, first in the IT sector, but subsequently in other sectors of the economy.

By its nature an e-commerce strategy is wide ranging, covering many areas of the economy. It has components in technology, the law, transportation, logistics and postal services, utilities, education, customs, financial services and taxation, and the creative industries such as those associated with developing catalogues for goods or services. E-commerce services are potentially used by all sectors of the economy. Strengths weaknesses, opportunities and threats arise in many of these areas.

## 2 VISION

The strategy sets a vision for the development of e-commerce. It defines four goals associated with this vision and these goals are interpreted in a number of strategic objectives. To achieve these objectives it will be important to overcome the hurdles, the weaknesses that are currently hindering the development of e-commerce, and to exploit the opportunities for e-commerce. The strategy defines a set of enablers that are intended to do both of these things.

The vision for e-commerce is:

**Jordan to become a 'leading' e-commerce centre in the region through the exploitation of its information technology capacity and the creativity of its people.**

This vision statement leads to the definition of strategic goals which develop the themes inherent in this vision:

- Increasing the wealth of the nation through investment in e-commerce and trading using e-commerce channels;

- Exploiting the strengths and the opportunities of the ICT sector;
- Introducing consumer e-commerce into Jordan;
- Enhancing business performance and international trading links.

### **Goals and objectives**

These themes are developed in terms of the strategic goals and related objectives.

The first goal is:

#### **To increase the wealth of the Jordanian people through the development and exploitation of e-commerce.**

This is the overarching goal. It will be achieved by:

- Exploiting the strengths and the opportunities of the ICT sector.
- Introducing consumer e-commerce to Jordan.
- Enhancing business performance and international trading links using e-commerce.

This goal covers the following objectives:

1. To create an environment that generates business opportunities particularly for young people
2. To create additional high value employment for Jordanians in knowledge based industries
3. To improve the efficiency of Jordanian business
4. To reduce factor prices

The second goal is related to the ICT sector. The strategy will build on the particular strengths and opportunities of the ICT sector, notably:

- Its potential to develop and make more competitive most sectors of the Jordanian economy
- The fact that, even now, the IT sector is developing its own software to meet the needs of Jordanian business
- Its use by the financial services, pharmaceuticals, logistics and insurance industries – which are all likely to want to move onto more e-commerce based systems.

The goal for building on these strengths and opportunities is:

#### **By 2012, to be a regional leader for IT systems development, applications and services associated with e-commerce.**

This will be achieved through the following objectives.

1. To expand the domestic and export markets for ICT products and services
2. To increase the gross revenue and gross value added by the sector
3. To increase tax revenues raised from the ICT sector.
4. To improve Jordan's ability to attract skilled ICT professionals to come to or remain in the country
5. To increase the range of e-commerce products and services offered by the ICT sector

The third goal is concerned with using e-commerce as a channel for selling goods and services to consumers.

**To be one of the leading countries in the region that uses e-commerce as a channel for selling goods and services to consumers.**

Experience from usage amongst domestic consumers will give Jordanian companies the experience to compete in export markets using an e-commerce channel and will have established the necessary infrastructure – payment systems and banking arrangements, logistics facilities and IT to build international e-commerce businesses for this activity.

Specific objectives that will be met in reaching this goal will be:

1. To increase the number of Jordanian retailers that sell online using e-commerce within Jordan, in the Arab region and worldwide.
2. To stimulate retail e-commerce business start ups
3. To improve consumers' access to goods and services sold by Jordanian retailers
4. To reduce the cost of goods and services for Jordanians
5. To extend the range of goods and services available to Jordanians
6. To increase the volume of Jordanian domestic retail business
7. To extend the reach of Jordanian retail businesses across the Arab region
8. To increase the profitability of Jordanian retail businesses

The fourth goal is concerned with using e-commerce in business to business trading to improve its business performance. While it is already one of the strongest countries in the region in terms of e-commerce readiness, little actual use is made of e-commerce in Jordan. However Jordan already has many of the elements of a successful business to business e-commerce sector. For example:

- The presence of sophisticated regional and international logistics companies that will enable goods to be easily distributed in Jordan and elsewhere;
- Government e-procurement that can be used as a demonstrator to build expertise in Jordanian companies and to stimulate e-commerce amongst companies that frequently sell to government.

The fourth goal is designed to encourage Jordanian companies to exploit these strengths:

**To be one of the leading countries in the region that uses e-commerce as a channel for domestic and international business to business collaboration and trade.**

Specific objectives of this goal are:

1. To increase the number of businesses that use e-commerce for business to business trading within Jordan, in the Arab region and worldwide.
2. To stimulate wholesale e-commerce business start ups
3. To maximise Jordanian company participation in global supply chains that use business to business e-commerce as their channel.
4. To increase the efficiency of supply chains operating in Jordan
5. To extend the range of goods and services available to Jordanian companies
6. To extend the reach of Jordanian companies in existing international markets and reach new international markets.
7. To increase the efficiency of individual companies in the procurement of goods and services

### 3 ENABLERS

There are very many enablers of these strategic goals and objectives summarised below.

<i>The Law</i>	Provide an effective legal framework for the development of e-commerce including the validity of digital signatures, consumer protection, cyber crime and various changes to the e-transaction law
<i>Security</i>	General awareness of the need for information and personal security amongst companies that trade electronically
<i>Electronic payments</i>	Fully operational payment gateway and associated banking services for use with internet and mobile phone payments
<i>Tax</i>	Develop systems and processes for tax audit of electronic records, tax simplification
<i>Awareness</i>	General awareness throughout society, awareness of lawyers and judges, of SMEs, of government officials, and of banking staff
<i>Skills</i>	Develop commercial and technical e-commerce skills amongst SMEs and ICT firms, commercial and legal e-commerce skills amongst lawyers, judges and tax officials
<i>Employment</i>	Provide employment opportunities that meet the aspirations of the educated young
<i>Customs</i>	Introduce rapid customs clearance and associated customs IT systems
<i>The IT sector</i>	Develop capacity in e-commerce, e-commerce software and services for fixed and mobile sectors; promotion of the sector skills
<i>Availability and use of ICT infrastructure and services</i>	Competitive supply of broadband, widespread adoption of broadband; improvement in the affordability of ICT; introduction of 3G mobile services; competition and diversity in international telecommunications
<i>Logistics and transport infrastructure</i>	Develop warehousing and packing facilities; remove impediments for the development of air and land freight hubs
<i>Catalogues and content</i>	Establish capacity in e-commerce content development
<i>Finance and investment</i>	Improve links between investors and entrepreneurs
<i>Government</i>	Advance the use of e-procurement in government

### 4 IMPLEMENTATION OF THE STRATEGY

The authority for the strategy is vested in Government. Government will delegate authority for governance to a National E-Commerce Governing Body. This Body will report to Government on delivery of the strategic goals and objectives, and monitor the performance of a National E-Commerce Council in enabling e-commerce through the initiatives described in the Action Plan. Government recognises that this strategy will have a general economic impact associated with the adoption of ICT and other e-commerce products and services across all industry sectors. It will have a major impact on the development of the ICT sectors and the postal and logistics sectors.

Government recognises that many of the enabling actions will be carried out by the private sector. In particular, the ICT sectors, the postal and logistics sectors and the financial services sector will have major roles in providing e-commerce related products, services and advice. Indeed the strategy will not be successfully accomplished without major inputs from these sectors.

Government also recognises that several Ministries, the Chambers of Commerce and of Industry and Industry Associations have clear roles to play.

Government intends that the strategy, while owned by MIT, is governed by an E-commerce Governing Body with representatives from the private sector as well as government. Government proposes that this Body comprises the Minister of Industry and Trade, the Minister ICT, the Minister of Finance, the Chairmen of the Central Bank, the Jordan Chamber of Commerce, the Jordan Chamber of Industry, and the Chairman of int@j. This Body would have overall responsibility to Cabinet for the implementation of the strategy.

At an operational level, a National E-Commerce Council would have operational responsibility and would be staffed by representatives from the members of the Governing Body and in addition would have representatives from other organisations that own particular actions or that have an operational role in implementing the strategy.

Recognising the need for private sector involvement, a programme management unit would be set up to deliver the strategy. The programme manager would report to the National E-Commerce Council.

An impact assessment has been carried out which indicates that Jordan should achieve a small but measurable increase in economic activity as a result of the strategy, with a positive outcome for jobs, particularly in the IT sector but towards the end of the period in the economy as a whole. However, the major benefit of the strategy will be to launch e-commerce in Jordan and thereby establish a practical lead in the region.

## **5 RISKS**

While there are risks associated with the strategy, the MoICT believes the risks are manageable and that the overall targets are achievable.

There are external risks to the strategic objectives that will arise from factors outside the control of the strategy that will need to be taken into account in implementation, including the development of the Jordanian economy, international economic developments and regional ties, development of trade policy by other nations, development in ICT within the Arab region, and competition in ICT and in trade more generally, particularly from China, India and other countries in South and East Asia who are also attempting to deliver ICT services globally.

In addition, enablers where risks are significant and the enablers are particularly important include: the development of the law and business regulation associated with e-commerce, the implementation of payment systems and services by the banking sector, including those for mobile e-commerce services, the implementation of systems and process for taxing e-commerce services. Further, the development of capacity in SMEs will need to be assessed regularly and appropriate corrective action taken to ensure that capacity does improve, and the development of ICT software and services for the Arab region will have to be similarly assessed and corrected. Finally, there are actions necessary for the development of the sector, such as the affordability of the ICT products and services, increased competition in international telecommunications, development of hosting services, and availability of spectrum for 3G are at a high risk of not taking place.