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Access to digitally enabled services is key to mitigate the COVID crisis and fast-track recovery

Let's face it, it has been close to 11 months since we limited our going out of the house as a result of the physical distancing measures set in place to limit the spread of COVID-19. Today, in early January 2021, most people are still working remotely, shopping for groceries online, connecting with family and friends through teleconferencing and mobile messaging, and streaming music and films for leisure.

The reality is that COVID-19 scenario has accelerated the digital transformation and underscored its importance for mitigating the economic slowdown, sustaining wellbeing, and speeding up recovery. The COVID-19 outbreak has not only had an impact on the way we work, but also on how and what we consume. With many bricks and mortar businesses experiencing temporary closures, consumers have turned to online solutions to purchase the goods and services they need. The type of goods and services purchased has also changed. Demand for medical and ICT

goods, many of which are transported across different borders and arrive directly at home in parcels, has grown. At the same time, demand for services, including many that are digitally deliverable such as streaming media or teleconferencing services, has also increased.

Physical distancing and confinement measures have accelerated already growing trends in online shopping, raising the importance of cross-border trade in parcels. Today, many people are ordering online and receiving items at home instead of going to the shops. As at beginning June 2020, OECD figures show that this has led to a 50% increase in e-commerce orders in Europe, 70% in Asia-Pacific and a 120% increase in the United States year-on-year helping firms – including micro, small and medium enterprises (MSMEs) – access more customers across a wider set of markets. While the majority of goods ordered online are dispatched domestically, the OECD report clearly indicates that that cross-border trade in parcels is growing nearly twice as fast as domestic trade in parcel. Furthermore, according to recent data for the European Union, during the early stage of the COVID-19 crisis,

followed by the gradual introduction of confinement measures, the highest growth rates in terms of the goods crossing borders through parcels were: computers and related accessories; medical goods (pharmaceuticals); and leisure items such as books or games

When parcels cross borders, it is the role of Customs authorities and other border agencies to manage traffic. This means enforcing trade rules, such as tariffs, but also undertaking health and safety, security and quality checks. Barriers affecting the effective operation of any of these stages can hinder the wider enabling environment for parcel trade and thus the ability of firms to maintain economic activity during the COVID-19 crisis. Supply side challenges, related to reduced worker mobility, can be exacerbated by issues affecting the logistics supply chain. In this area, service capacity restrictions, delays associated with specific controls and new protocols, and last mile restrictions on specific routes are proving most challenging. Challenges also arise at the border-Customs authorities and other border agencies can become overburdened due to the growing number of parcels crossing borders and the need to manage

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Digital
Internationalisation
and Financial Literacy
Skills for
microentrepreneurs

risks over a more numerous and diverse set of consignments.

Digital technologies can be leveraged to ensure that border processes are transparent and accessible to traders; that they can be expedited; and that processes at the border require less physical contact. This can be particularly important for the micro-and small-and medium-sized enterprises (MSMEs) which are hit hardest by the crisis. Digital technologies can enable more efficient movement of goods across borders during the crisis. The smooth operation of logistics chains in the midst of the COVID-19 outbreak depends on reconciling the fast and efficient movement of goods, including parcels, with increased control measures and new protocols at border posts, temporary disruptions to staffing, and restrictions on human contact to contain the spread of the virus. Digital technologies can play an important role by enabling more efficient trade facilitation, in particular for ensuring the movement of essential medical and food supplies and digitally ordered parcels.

Access to digitally enabled services is key to mitigate the crisis and fast-track recovery. While trade in some service sectors has slowed as a result of transport and travel restrictions put in place to fight COVID-19, others have been more robust, due to their capacity to use digital technologies. Access to telecommunications networks, cloud processing and digital communication is helping businesses maintain key operations and communicate with employees and clients, while adhering to physical distancing requirements. Indeed, estimates suggest that the ability to connect remotely could lower trade costs by as much as 3.5% in services that can be partially supplied at a distance, such as professional services.

Barriers to digitally enabled services create obstacles to firms' ability to source digital solutions, affecting the cost of access to key functions such as cloud computing, communication and business management solutions. Barriers at home can also affect the ability to export, and the cost of exporting, digitally enabled

services. Evidence shows that, across many countries, most barriers to trade in services affect in restructure and connectivity (including cross-border data connectivity), electronic transactions, and online payment systems. These barriers can make it more difficult for companies to engage in commercial transactions when physical distancing is required. Further policy action, domestically and internationally, could be aimed at broadening the scope for recognition of electronic signatures, implementation of international standards for electronic contracts, and lifting unnecessary obstacles to online payment solutions. Physical distancing and lockdowns have also made some services more important during the crisis. For instance, online retail services are essential for acquiring protective equipment, foodstuffs, ICT equipment for teleworking, and other household essentials. Mobile and contactless payments also play a key role in enabling online transactions and can facilitate physical distancing. Raising the limit on contactless payments helps consumers purchase more while reducing exposure to the virus. The ability of firms to offer many of these services will rely on the underlying regulatory environment and the degree of competition in the market.

Sources

OECD report

Leveraging Digital Trade to Fight the Consequences of COVID-19

Read more

https://read.oecd-ilibrary.org/view/?ref=135_135517-02bikxyksj&title=Leveraging-Digital-Trade-to-Fight-the-Consequences-of-COVID-19



DIFME Brand Ambassadors

Our partners are grateful to have the support of DIFME Ambassadors who through their commitment to the DIFME project, are working to encourage entrepreneurs, students, University and Business Tutors to come together online during our thematic events and other actions. Here are some of them



Dr. Leonie Baldacchino holds a Ph.D. in Entrepreneurship from Warwick Business School (UK), an M.A. in Creativity and Innovation (Distinction) and a B. Psy. (Hons.) from the University of Malta. She is Director and Senior Lecturer at The Edward de Bono Institute for the Design and Development of Thinking at the University of Malta, where she has been lecturing on entrepreneurship, creativity and innovation since 2008. She coordinates various entrepreneurship-related incentives at the University of Malta, including the Global Entrepreneurship Week events hosted locally by The Edward de Bono Institute and the entrepreneurship module on the Degree Plus programme. She has also lectured on entrepreneurship, creativity and innovation at Warwick Business School (UK) and at Teesside Business School (UK), and has delivered numerous presentations and workshops in Malta and overseas. Her research focuses on various aspects of entrepreneurship, including the psychology of entrepreneurship; social, sustainable and inclusive entrepreneurship; and entrepreneurship education. She has published locally and internationally, including in the International Journal of Management Reviews, International Journal of Entrepreneurial Behaviour &

Research, and in edited books by Routledge, Springer and Edward Elgar.



Sabrina Manuela Emilio is a professional educator and trainer working for the Municipality of Florence. She is a member of the job and training placement office and responsible for the local employment centre. She is part of the Tuscany regional list of Skills assessment evaluator and works closely with local/regional public bodies related to business start-up and self-entrepreneurship like Confartigianato, Confcommercio and the local Chamber of Commerce.



Thomas Cooney is Professor of Entrepreneurship at the Technological University Dublin, Academic Director of the Institute for Minority Entrepreneurship and Adjunct Professor at the University of Turku (Finland). He is a former President of the International Council for Small Business (2012-13) and of the European Council for Small Business (2009-11) and was Chair of the ICSB 2014 World Entrepreneurship Conference. He is a policy advisor to Governments, European Commission, OECD and other international organisations. He is a Director of four

enterprises and works in various capacities with a range of businesses. He has published 9 books and presented widely on the topic, particularly in the area of minority entrepreneurship.



Rinze Bos has been an entrepreneur for some years. He is always looking for ways for SMEs to benefit from subsidies, whether being local, regional, national subsidies or even international grant schemes. Rinze has a great network of fellow entrepreneurs and often participates in networking meetings where they share their challenges, opportunities, etc.



Prof. Dimitar Brankov is Deputy Chairman and Adviser to the Chairman of the Board of the Bulgarian Industrial Association. He is Director responsible for Environmental Policy and sits on the Board of the Economic and Social Council and Advisory Council on the European Green Deal. He holds a Ph.D from the Bulgarian Academy of Science and is a Professor in the Institute for Management and Administration. He has published more than 70 publications in industrial relations, labour market, corporate management and EMS.



Dr Eirini Leriou is an Economist with research based on entrepreneurship. She has teaching experience with both undergraduates and postgraduates in subjects related to; Entrepreneurship, Business Finance and Administration, Financial Management, Information Systems, Advanced Quantitative Methods for Managers, Public Economics, Macroeconomic Analysis, Mathematical Economics, Welfare Indexes, Economic Development and Human Well-Being and Microeconomic Analysis. She is an editor of international journals and is certified in distance education. She is a member of the International Society for Quality of Life Studies (ISQOLS) and the Community Indicators Consortium (CIC). She is also the Scientific Coordinator, and Project Manager of the Research Program "C.W.-SMILE"



DIFME Partners

5 higher education institutions
6 business organisations
7 Countries

(Malta, The Netherlands, Bulgaria, Germany, Greece, Ireland, Italy)

The DIFME partnership was carefully set up having in consideration the identified needs, the objectives of the project as well as the knowledge, skills and competences required by the tasks and activities to be developed in the lifespan of the project. DIFME is a transnational result-driven partnership made up of 5 higher education institutions and 6 business organisations.

All partners have been researching the topic and testing-based learning, research on real trends and needs of entrepreneurs. This is evidenced also by the type and number of successful previous and current projects that the partners have participated in. The DIFME partnership brings together experienced and strong knowledgeable European organisations at the forefront of entrepreneurship and HEIs.

All partners contribute to all the WPs and the transversal activities such as dissemination, exploitation and quality assurance. This will ensure that there is consistent effort by all parties

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