



**Asia-Pacific
Economic Cooperation**

2013/SOM3/CTI/WKSP1/003

Private Sectors Perspective

Submitted by: Rakuten Asia Pte Ltd



**Workshop on Building and Enhancing FTA
Negotiation Skills on e-Commerce
Medan, Indonesia
27-28 June 2013**

Rakuten

**APEC Workshop on Building and Enhancing FTA
Negotiation Skills on E-Commerce**

JUNE 2013

Tadahisa TERAO
Chief Strategy Officer, Rakuten Asia Pte. Ltd.

Founded
February
1997



5 Employees

IPO
April 2000
(Jasdaq)

 Rakuten



1st office:
Atago in Tokyo

Rakuten 2013

>10,000 employees



Rakuten Tower





樂R天
I C H I B A



樂R天
C A R D



樂R天
T R A V E L














Rakuten
Bank



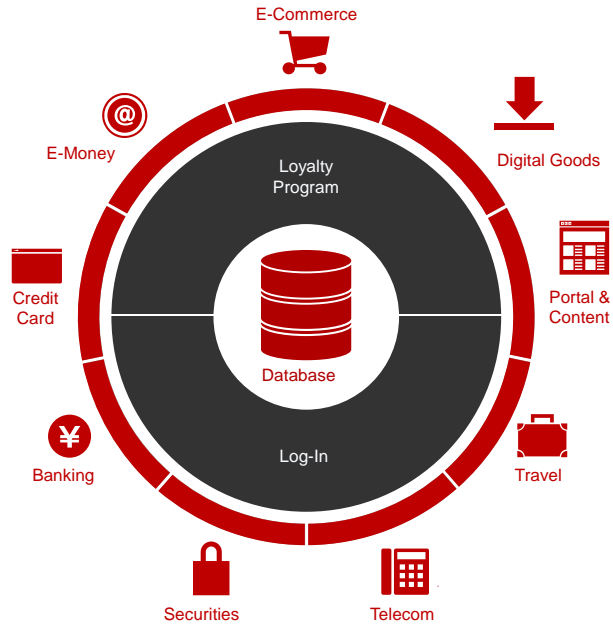
Market cap: US \$13.7BN

Building the Ecosystem in Japan

Globalization →

	1997	2000	2001	2003	2004	2005	2006	2008	2009	2010	2011	2012	
Internet Services	Internet Shopping Mall 	Portal Site Infoseek 樂R天	Online Books, DVD Store  Blog  Online Hotel Reservation  Pay-per-view Video Service 			Performance Marketing (US) Rakuten LINKSHARE™	Internet Research 	Internet Auction R 樂オウ	Internet Shopping Mall in Chinese Taipei 	Internet Shopping Mall in Thailand TARAD.com	in USA Rakuten group Buy.com in France PRICE MINISTER	in Germany Rakuten.de Shopping in Indonesia Rakuten.co.id Belanja Online in Brazil Rakuten.com.br Shopping Online in UK Rakuten Shopping play.com	in Austria Rakuten.at Shopping in Malaysia Rakuten.com.my Online Shopping eBook in Canada kobo
Internet Finance				Online Security Brokerage 	Personal Loan 	Credit Card 			Internet Banking 	E-money Edy			
Others				Professional Baseball RAKUTEN EAGLES 2004			IP Telephony Fusion	Marriage Consultant O-net 樂R天					
	1997								2009			2012	

Rakuten Ecosystem In Japan



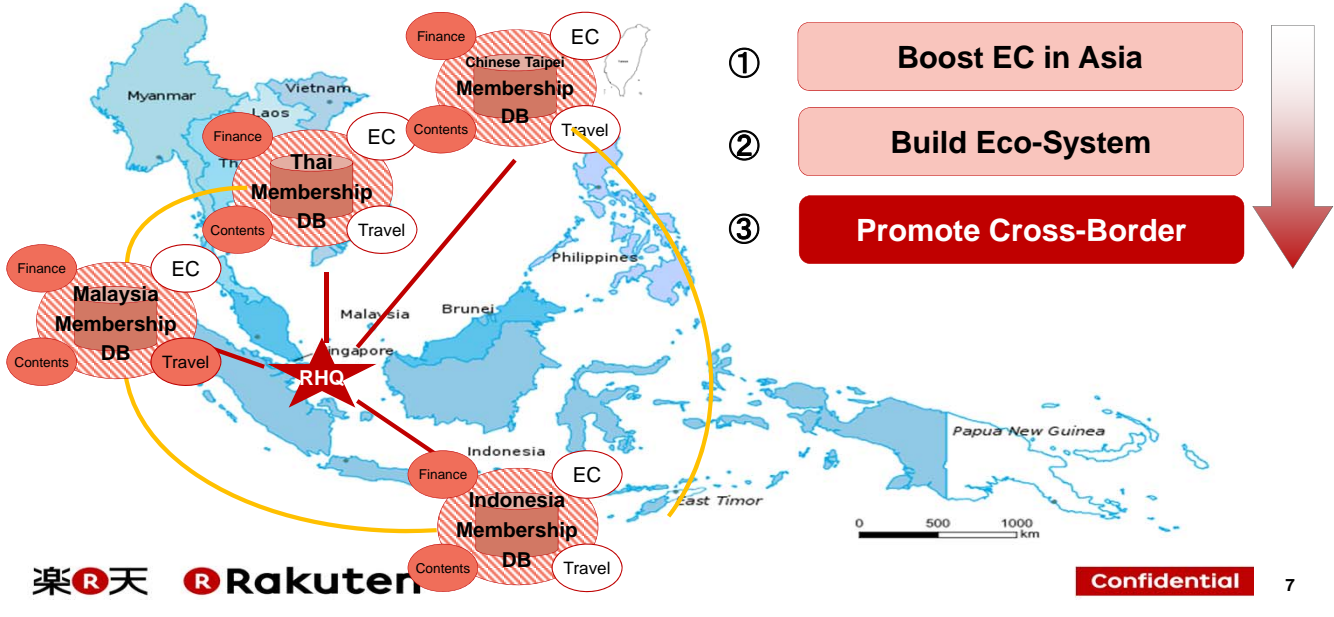
Rakuten Global Footprint



B2B2C Marketplace Is The First Step

Mission of Rakuten Asia

Build eco-systems and promote cross-border EC in the Asia region



Rakuten E-commerce Model

Most e-commerce



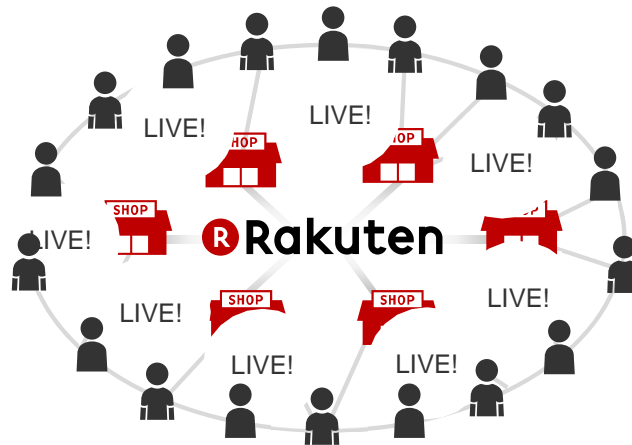
Rakuten Approach



Rakuten approach - WeCommerce

You are not buying from Vending Machine

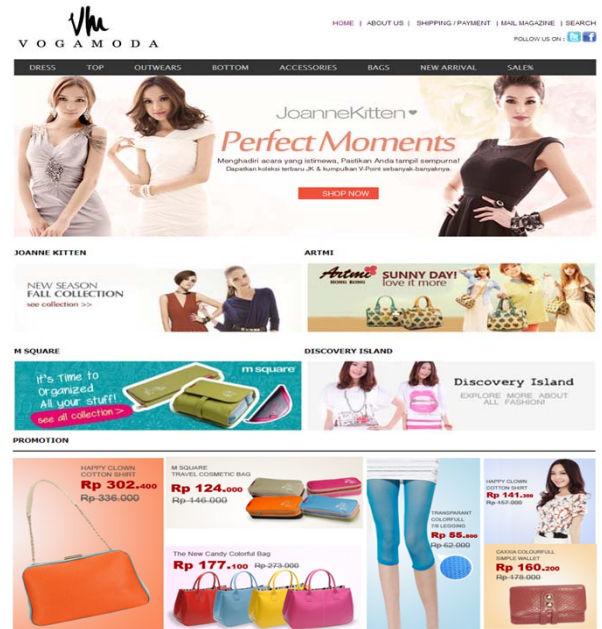
You are buying from Shop (People) behind the computer screen



Merchant Success Stories in Asia

Vogamoda (Indonesia)

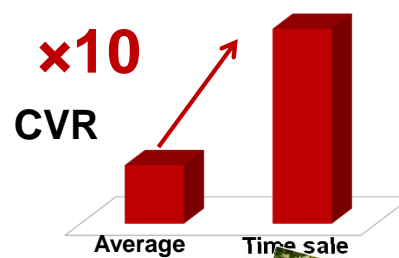
One of the leading ladies fashion merchants in Rakuten Belanja Online



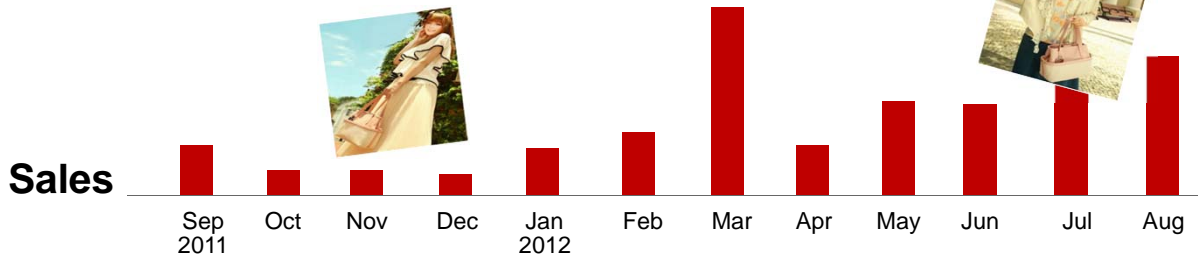
Vogamoda (Indonesia)

Making Sticky Landing Page

Generating High CVR through Time Sale



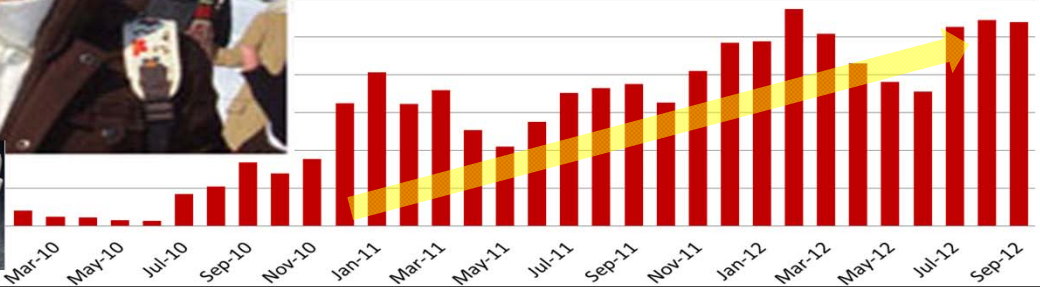
Received "The most improved shop award" on April, 2012



YR-REQUEST (Thailand)

“Learning EC business from Rakuten”

Selling Watches and Jewelry



TBJ (Chinese Taipei)

“We are known as *King of Steak* in Chinese Taipei!”

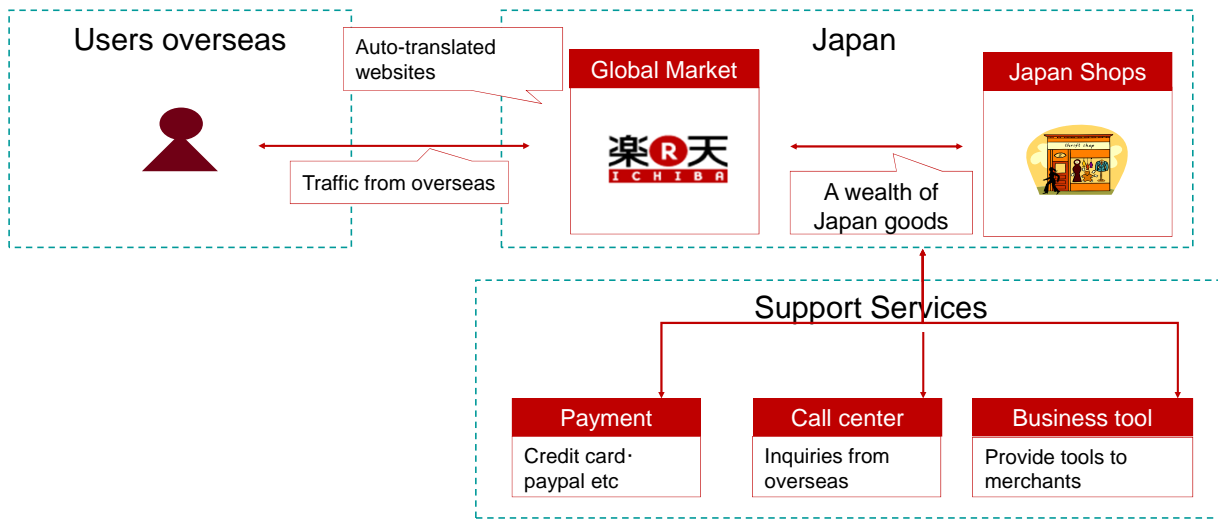


Rakuten

Cross-Border E-commerce Model

The scheme of Global Market (Japan ⇒ Overseas)

**Global platform for private import from Japan
⇒ People overseas can buy Japan goods safely**



Products sold well (Japan ⇒Overseas)

	 Food: Japan original, High quality		
 Apparel: Japanese fashion (new trend & traditional)		 Bicycle: Popular in Chinese Taipei, HK and Korea?	 Textbook: Japanese education for kid
 Daily goods: Fine-segmented	 Craft goods: Hobby of expats' wives?	 Pet items: Pet is cute all over the world	

Issues for Expanding Cross-Border EC Businesses

- ① Legal regulation Items that can be imported/exported differ by economy
- ② High duty cost Int'l shipping/Duties/Import Tax/Legal Compliance costs, etc.
- ③ Inconvenience Limits to payment method (even for small amnt.) / Return policies, etc.
- ④ Language barrier Limits to what users/businesses can engage each other
- ⑤ Local marketing Methods of marketing/exposure differ depending on member economies

**EC businesses in each economy are experiencing rapid growth
However, many hurdles exist to realize cross-border trade**

①Regulatory barriers (e-commerce)

Case 1 : Regulation of imported goods in Member Economy A (Regarding goods only for personal use)

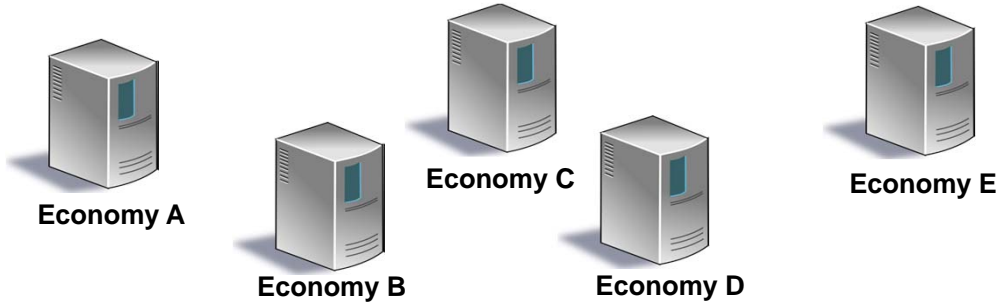
Type of Goods	Regulation
Vitamins	Can only order enough for 1 person to use over 1 month. Can have as many pills, capsules, etc. that would be taken for a 1 month period according to the dosage instructions.
Beauty Products	Can only order enough for 1 person to use over 1 month. (includes non-medicinal items like make-up, soap, detergent, shampoo, conditioner, etc.) ※Samples are treated the same way ※Medicinal products (sunscreen, skin cream, anti-dandruff products, etc.) require a statement of approval from the local government's Health Bureau.
Food and Drink	※Raw or perishable items are not permitted, it must cost less than 1000 USD (includes both the cost of the product and the cost of shipping to Member Economy A), weigh less than 10kg in a sealed package, etc. ※Baby formula for an infant less than 12-months old requires a statement of approval from the local government's Health Bureau.
Kitchen items	Package must be less than 10kg

Due to a broad array of laws that vary by member economies, cross border trade can only be achieved by:

- Global businesses that can handle all the different laws
- A small business that focuses on a niche service

①Regulatory barriers (data Transaction)

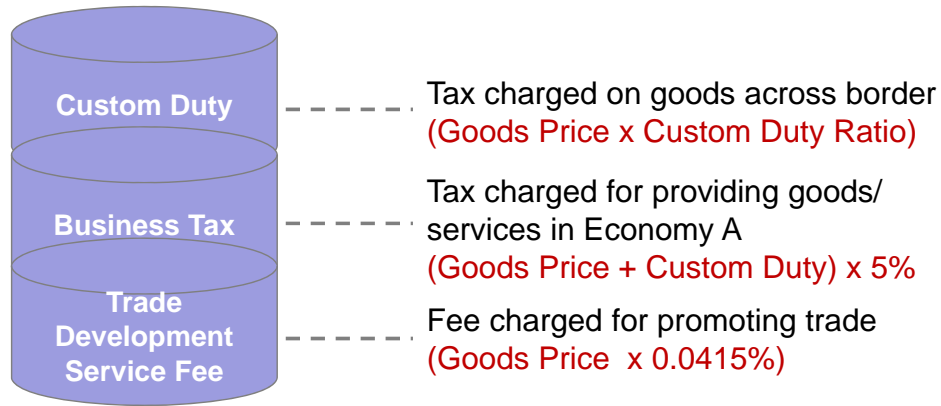
Data Protection Regulation



Differing systems in various economies make it hard to handle cross-border data transaction

② High Duty Cost (e-commerce)

Case 2: Import Tax at Economy A



The user is paying for the cost of the good, international shipping, and other taxes
 ⇒ Due to the high cost, the average user will not buy frequently

② High Duty Cost (Digital contents)

“WTO Moratorium on Customs Duties on Electronic Transmissions”



Duties cannot be levied on digital contents but regulation
 may change anytime

It is necessary to develop a permanent solution to
 ensure stability of businesses

Rakuten's Plan to Help Asia Overcome Internal Barriers

- ① Legal regulation Can handle Asian laws by setting up companies around the region
- ② High duty cost Can aim to reduce import cost with bulk buy system
- ③ Inconvenience Can introduce services that took root in the local market
- ④ Language barrier Introduce support for businesses and uses (EX: Provide a multi-language platform)
- ⑤ Local marketing Can do selective product campaigns once Asian consumer trends are understood

**Rakuten is eager to build the foundation
needed to facilitate Asian cross-border EC!**

Proposal to APEC Workshop

1. Simplify the rules for SMEs to take the lead

**2. Standardize the rules among regions/countries
to promote cross-border EC trade**

**3. Lighten duties as much as possible
to further promote cross-border EC trade**

