Electronic commerce in Asia
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Note: The views expressed are those of the author and may not necessarily reflect the opinion of the ITU or its Members.

ELECTRONIC COMMERCE IN ASIA

Agenda
• Electronic commerce in Asia
• Why is it important?
• Major challenges
• Examples

ELECTRONIC COMMERCE IN ASIA

What is e-commerce?
• “Electronic commerce may be simply defined as the production, advertising, sale and distribution of products via telecommunication networks” (WTO, 1998)
• Categories
  ⇒ Business-to-business
  ⇒ Business-to-consumer
  ⇒ Business-to-government

ELECTRONIC COMMERCE IN ASIA

Some projected e-commerce revenues in emerging Asia
By year 2001/02 (In US$ millions)

<table>
<thead>
<tr>
<th>Country</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>&lt; $200</td>
</tr>
<tr>
<td>Indonesia</td>
<td>&lt; $200</td>
</tr>
<tr>
<td>India</td>
<td>$450</td>
</tr>
<tr>
<td>Singapore</td>
<td>$800</td>
</tr>
<tr>
<td>Malaysia</td>
<td>$1,000</td>
</tr>
<tr>
<td>China</td>
<td>$1,870</td>
</tr>
<tr>
<td>Korea (Rep.)</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

Source: IDC, NASSCOM.

ELECTRONIC COMMERCE IN ASIA

E-commerce initiatives in Asia
• China
  ⇒ Golden Projects
• Malaysia
  ⇒ Multimedia Super Corridor (MSC), Digital Signatures Act 1997
• South Korea
  ⇒ E-commerce system using post offices
• Thailand
  ⇒ E-commerce pilot project
• Singapore
  ⇒ Electronic Transactions Act 1998 and Electronic Regulations 1999
• Philippines
  ⇒ National Information Technology Plan ’97

Most of them want to become the Asian “hub” for e-commerce

ELECTRONIC COMMERCE IN ASIA

Why is it important?
• For firms
  ⇒ Lowers transaction, production and distribution costs
  ⇒ Facilitates market entry (especially for SMEs)
  ⇒ Improves customer service
  ⇒ Extends geographical reach
  ⇒ Improves information access
  ⇒ New sources of revenue
Why is it important?

• Catalyst for economic growth
  ⇒ increased competition
  ⇒ lower prices, improved quality and innovative new products and services
  ⇒ new trade opportunities
  ⇒ investment growth

What are some of the major challenges to e-trade?

• Customs and taxation
• Privacy / data protection
• Security
• IPR / Copyrights / Trademarks / domain names
• Technical standards
• Telecom and IT Infrastructure
• Model law
• Content
• E-payments
• Trade logistics

Challenges

• In the developed world the major concerns are related to privacy, taxation, etc.
  ⇒ These are being dealt with by private sector initiatives, governments and int’l organizations (e.g. UNCITRAL, WTO, WIPO, OECD, etc.)
• In the developing world the primary concerns are related to
  ⇒ telecom and IT infrastructure
  ⇒ pricing
  ⇒ content
  ⇒ awareness.

Obstacles to e-commerce in the USA and Europe

<table>
<thead>
<tr>
<th>31%</th>
<th>24%</th>
<th>17%</th>
<th>9%</th>
<th>8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privacy concerns</td>
<td>Censorship</td>
<td>Navigation difficulties</td>
<td>Taxes</td>
<td>Other</td>
</tr>
</tbody>
</table>


Obstacles to e-commerce in a developing/emerging economy

Slow speed 29%
PSTN prices 29%
ISP prices 19%
Lack of content in own language 10%
Lack of local content 10%

Source: ITU 1998 “Challenges to the Network: Internet for Development”

Challenge: Unequal Access to Infrastructure

Distribution of Internet hosts, January 1999

- Australia, Japan & New Zealand: 64.0%
- Canada & US: 6.3%
- Developing Asia-Pacific: 3.0%
- Other: 5.4%
- Europe: 24.3%
- Africa: 0.4%

Note: LAC = Latin America and the Caribbean.

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Challenges to the Network:
INTERNET FOR DEVELOPMENT

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