

Regional Electronic Commerce Initiatives:

*Findings from three case studies on the development
of regional electronic commerce initiatives*

The Information Technologies Group
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Karen Coppock
and
Colin Maclay

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EXECUTIVE SUMMARY

Organizations around the world are contemplating alternative approaches to electronic commerce (e-commerce), considering the national, regional and global implications of this new business tool. At least three regional organizations have moved forward on this front, the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC) and the European Union (EU), paving the way for others to follow. Each region dealt with e-commerce in a distinct fashion, with the policy courses taken reflecting its specific situation and the attributes of the implementing institution. This paper presents a set of high-level principles which guided and influenced these e-commerce initiatives and that can serve as a reference for others considering regional e-commerce needs.

High Level Principles:

E-commerce is just one piece of the ICT puzzle. E-commerce is just one of many building blocks of information and communication technology (ICT) readiness and was not considered by any region in isolation. The tendency of the organizations was to launch an overall “e” strategy, which include an e-commerce component. One of the common first steps taken was to benchmark the e-commerce environment within the region to understand the broad range of issues which affected its diffusion and effective use.

Two distinct regulatory philosophies appear to exist for e-commerce, each aligned with a different world leader. A fundamental difference exists between the highly-structured, government-led, e-commerce approach exemplified by the EU and the bottom-up, self-regulating, strategy of the United States (US). One purpose of the EU and APEC’s e-commerce initiatives appears to be the promotion of these differing regulatory perspectives, attempting to tip the scale toward a particular approach. Regions need to determine where they stand on the government-led to self-regulatory spectrum and may feel external pressure to lean toward a particular side.

E-commerce has the ability to transcend borders. While the organizations realized that e-commerce resides in the virtual world, each considered the national, regional and global issues to a different degree. Some preferred to first focus on regional interoperability, as it may be achieved more quickly than global consensus, while others recommended the immediate adoption of global standards. The private sector appeared most concerned with worldwide interoperability, as many of those interviewed operate at a global, and not simply regional level. Furthermore, it was widely acknowledged that if regional decisions were not aligned with global efforts and the region is not a large enough economic unit to depend on its internal markets or to sway international negotiations, it could run a risk of decreased competitiveness.

E-commerce is a tool, not a solution. After the dot-com bubble burst, the regions began to view e-commerce as a complement to traditional commercial strategies, and not as a business solution in and of itself. It is becoming part of the larger economic competitiveness landscape, and to some extent, a driver for broader ICT diffusion within society and economy.

The characteristics of the implementing organization heavily influence the shape of the initiative. The leading institutions’ history, charter and standard operating procedures strongly contributed to the design, structure and implementation of the e-commerce initiative. Some organizations were able to break this path dependency, introducing structural innovations, but in general it was an extremely powerful force.

Coordination is seen as a key role for the regional organizations. The general consensus was that one of the most important roles of the regional organizations analyzed, was to coordinate and streamline national efforts, not lead them. Using its convening powers, these entities encouraged collaboration and

communication within the region, fostering an increased awareness of e-commerce and the cross-fertilization of ideas and best practices. It was perceived that the potential for intra-regional learning and cooperation are great. This perspective may be influenced by the traditional role of each of these bodies.

Both policy and practical cooperation are important elements of an e-commerce initiative. Most of the regions coupled policy changes with practical cooperation. Both were seen to be necessary elements of an e-commerce strategy, as one reinforces the other. By jointly collaborating on specific e-commerce projects, obstacles and opportunities could be uncovered, leading to an increased awareness and commitment to addressing policy issues.

The question is not why, but how, to most productively involve the private sector. There was strong consensus on the power of exploiting the unique advantages and resources of both the private and public sectors. The challenge is therefore, determining how to best achieve private sector representation, ensuring that the entire sectors', and not just a particular company's, interests are represented.

Compromise is required to balance the diverse stakeholder agendas and national ICT readiness levels. All of the regions had to find a balance between meeting the diverse agendas of numerous stakeholders as well as the choosing between the alternative processes and tools available to meet the stated e-commerce objectives. One prominent set of stakeholders is the member state. Member states often have different levels of ICT readiness, thus translating into distinct priorities and needs. Alternative approaches to compensation were employed.

Actions often speak louder than words. Government is a powerful change agent. By embracing the technology itself, the government sends a strong signal to its constituents and the world as a whole, on its commitment to the digital age and its economic competitiveness in general. The actions can even be symbolic. For example, one region signed an ICT agreement digitally, the first time this had ever been done.

OVERVIEW

During the months of May and June of 2002, interviews and surveys were conducted with over 30 high-level private, public, academic and non-profit sector leaders from around the world to discuss the development and impact of regional e-commerce initiatives.¹ Three pioneers in this arena were analyzed: the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC) and the European Union (EU). The motivation, objectives, design, structure and implementation of the respective e-commerce initiatives were explored, with an eye toward uncovering the visible and invisible challenges and opportunities.

The three organizations took varied approaches to e-commerce and differed in geographic location, organizational structure and mandate. As noted by Dr. Alvin Mah, Director of Strategic Global Relations and Alliances of the Dagang Net Group of Companies and leader of two e-ASEAN Pilot Projects, there is a "crucial advantage" of being able to "learn from the mistakes made by 'pioneers' and to pick from the "best practices" available. This report attempts to do just that, allowing regions such as the Andes, to draw upon recent and current experiences while considering their own regional e-commerce situation.

¹ For a complete listing of the interview / survey respondents, please see Appendix A.

Scope: This paper focuses narrowly on e-commerce, not on the broader issue of overall ICT readiness. Yet it is extremely important to keep in mind that e-commerce is just one of the many elements of ICT readiness, all of which are fundamentally interdependent and interrelated. For example, e-commerce relies on physical infrastructure (communications, electricity, transportation), rule of law, trained human capital, etc., while ICT use in society and ICT training depend in part on the private sector's use of technology. Alas, these other, complementary issues, are outside of the scope of this report, but any e-commerce initiative, be it a national, regional or global, must take into consideration the broader social, economic and ICT context into which it is introduced.

THE NEW ECONOMY IMPERATIVE

“Our generation stands on the very cusp of the greatest technological revolution that mankind has ever faced. Some compare this age of electronic communication with the arrival of the Gutenberg press, or with the industrial revolution. Yet this revolution when it has run its course may have a greater impact on the planet than anything that has preceded.”²

In the mid-1990s there was immense optimism and enthusiasm about the New Economy and its ability to transform the economic paradigm to one based on continual productivity growth. The US was cited as a perfect example of this new phenomenon, as it was at the forefront of the technological revolution and had achieved high levels of growth and employment, while maintaining stable inflation.³ Confident in the power of ICTs, the US designated technology as a national priority as early as September of 1993, with the announcement of the National Information Infrastructure initiative by then Vice President Gore.

The US had a definite perception on how e-commerce should be handled: private sector led, with minimal regulation. In order to encourage a “liberal approach” to e-commerce, APEC was used as a forum to “promote” and “discuss” the US perspective, states a representative from the US International Trade Administration. This was confirmed by Paul Myler of the e-APEC Business, Economic and Ecotech Unit of the Australian Department of Foreign Affairs and Trade who stated that a specific element of APEC's agenda was to “educate members to ensure that e-commerce was not subject to inappropriate trade-restrictive measures”. Australia actually played a significant role in making e-commerce an agenda item within APEC, resulting in the 1997 Leaders' Declaration that “e-commerce is one of the most important technical breakthroughs of this decade....we direct Ministers to undertake a work program on e-commerce in the region”.

Europe was slower to embrace e-commerce and the New Economy. Less than two out of every ten Internet users were outside of US or Canada in 1995 and 1996 and consumer spending revenues generated in Europe in 1997 were less than a tenth of those generated in the US, according to statistics from NUA. Although “the information society was no longer only a vision,” notes Denis Baresch of the EU Commission's Information Society Directorate General (Info Soc, DG), the “EU didn't seem to be abreast of these changes”.

Yet the EU soon took notice. A 1998 European Commission report credited the ICT industry with creating “one in every four net new jobs” in the EU and having been able to “drive growth and create

² OECD, *Electronic Commerce: Opportunities and Challenges for Government (the “Sacher Report”)*, Paris: June 12, 1997.

³ International Monetary Fund (IMF), “Chapter I: Global Economic Prospects and Policies”, *World Economic Outlook: A survey by the Staff of the International Monetary Fund*, IMF: Washington D.C., May 1997

jobs” in the US.⁴ This was particularly important for the EU, as in 1997 many continental European countries were experiencing near-record levels of unemployment with no relief in sight.⁵ The ICT industry was therefore seen as a powerful source of European job creation. Furthermore, as an integrated unit, the EU would be less likely to “risk cultural or technical imperialism or imposition”, says Colum Joyce, DHL’s Global e-commerce Strategy specialist. After analyzing the situation, European countries realized that by banding together, they could most effectively compete against the US, for jobs and markets and protect European culture. Therefore, the EU considered ICT readiness to be a regional imperative. Consequently, in 1999, the European Union announced a comprehensive eEurope initiative, aiming to “bring everyone in Europe – every citizen, every school, every company - online as quickly as possible”.⁶

Southeast Asia faced a distinct set of challenges. Two and a half decades of some of the highest growth rates in the world were abruptly halted by the Asian financial crisis. During the SE Asian ‘miracle’, foreign investment was freely flowing, but this trend sharply reversed in most of the countries with the onset of the crisis. The thought, therefore, was that an “intra-ASEAN collaboration and integration, to create a large ‘common market’ of half a billion people, would be attractive for investors and businesses from outside ASEAN”, stated William Hioe, Senior Director, of Singapore’s InfoComm Development Authority (IDA). Furthermore, he continues, “as a large regional trading block, ASEAN would be able to compete more effectively against huge emerging markets such as China and India”. Dr. Mah confirms this, “whereas each country maintains its own competitiveness, inter-country collaboration is crucial for the projection of regional stability” and hence “the context of e-ASEAN is to promote the entire ASEAN as a preferred [location for] foreign investment and international competitiveness”. As “electronic commerce is a natural extension of normal commerce” noted a minister of international trade in Southeast Asia, it therefore played a prominent role in e-ASEAN agenda.

Why e-commerce?

E-commerce has been conducted since the 1960s, yet it was not until the emergence of Internet-based e-commerce, that there was more than a passing public interest in this method of trade. Prior to the Internet, most e-commerce was conducted via private networks, which limited its usage to large corporations and organizations that had the financial resources to build and maintain these networks. With the birth of the Internet, e-commerce became available to companies of any size as well as to individual consumers and entire new industries and products were created around this new business technology. Interest in e-commerce soon transformed into obsession, yielding off-the-chart revenue growth projections and claims of triumph over long-standing economic principles.

The importance of e-commerce in international trade was formally recognized in the mid-1990s with the US-led Framework for Global Electronic Commerce. Around this time, the eCommerce working group of the US Commerce Department also began to interact with the European Union and Asia on e-commerce-related issues. When the Organization for Economic Cooperation and Development (OECD) became involved, eventually drafting the Action Plan for E-commerce, a collaborative model of addressing e-commerce was being developed. Coordination at a global level continued with the World Trade Organization (WTO) deciding to conduct an extensive review of areas potentially affected by this new technology in 1998.

⁴ European Commission, *Report to the European Council, Job Opportunities in the Information Society: Exploiting the Potential of the Information Revolution, COM(1998)590 final*, 1998, page 30.

⁵ IBID

⁶ European Commission, “eEurope: An Information society for all”, Communication on a Commission Initiative for the Special European Council of Lisbon, 23 and 24 March 2000.

Although the hype around the Internet and e-commerce subsided significantly after the dot-com bubble burst in 2001, the usage and growth of e-commerce remains strong. Worldwide e-commerce revenues reached US\$600 billion in 2001, a 68% increase over 2000 rates, calculates IDC. Impressive growth rates are projected to continue, with IDC estimating that global e-commerce revenues will reach the US\$1 trillion, US\$5 trillion and US\$6 trillion mark in 2002, 2005 and 2006, respectively.

Yet estimating the scope of e-commerce is challenging. At a Harvard seminar in 2002, Catherine Mann of the Institute for International Economics stated that e-commerce may not even be able to be separated out from traditional commerce, because it is simply how one conducts business in the 21st century. Furthermore, the definition of e-commerce is continually evolving and still no single, uniformly agreed upon, definition exists. At first, it was limited to electronic order placing (via virtual private networks or electronic data interchange value added networks). Yet as it became evident that the true value of e-commerce could lie in its ability to facilitate information sharing and online collaboration, not simply placing orders, the definition was broadened to include a far wider range of commercial activities. A member of the European Commission's staff suggested that e-commerce should encompass the integration of electronic means into normal business processes. This broader definition of e-commerce will be used for the purposes of this paper with e-commerce being understood to mean the *facilitation of commerce by ICTs*, including activities such as information sharing, advertising, transacting, community building, etc.

The diverse opinion and logistical challenges of gathering quality data mean that revenue projections may, or may not, take into account the numerous electronic commercial interactions which take place without a directly or electronically related financial exchange, perhaps underestimating its true scale.

REGIONAL ORGANIZATIONS & E-INITIATIVES

Competition, for jobs, markets and/or investment dollars, was a primary driver of regional "e" initiatives. Regional integration was thought to be a key to achieving regional economic competitiveness, which could translate into national advantage. Research conducted at the Center for International Development of Harvard University suggests that there is an important relationship between ICT "readiness" and competitiveness. The three regions perceived that this link did indeed exist and focused a large portion of their regional integration efforts on increasing ICT readiness, with e-commerce playing a prominent role.

Although the objectives were similar, the organizational structure and culture of the entity spearheading the particular initiative heavily influenced its shape and scope, as did the context into which it was introduced. On one extreme was APEC, the least integrated and formal of the three studied bodies. Being a "member driven" organization, "initiatives arise from many different directions", notes Sam Gongsadki of the APEC Secretariat. The key is to generate enough political support for a specific initiative or issue, to ensure its survival and implementation. Numerous e-commerce related initiatives have been endorsed by the organization, with varying degrees of success in reaching the implementation stage.

The opposite extreme was the EU, where formal decision-making processes are adhered to and the level of integration is unparalleled. According to a representative of the EU Commission, common policies are established by the EU in a multi-phased, iterative process which consists of consultations (with Member States, stakeholders – industry, non-profit organizations, etc.), an EU Commission proposal, a review / edit of the proposal by the EU Parliament and the final revision and decision on the proposal by the EU Council. At the time of the interviews, the eEurope 2005 initiative, which included an e-commerce

element, was going through this process. Hence eEurope, and its associated e-commerce activities, were treated as any other EU-level project, in that they were designed to leverage existing EU policies and programs, rather than supplant them.

In contrast, ASEAN implemented a significant structural innovation in its e-ASEAN initiative, breaking its long-standing tradition of allowing only public-sector representatives on its Task Forces and opening the e-ASEAN Task Force to the private sector. While the EU was focused on transforming itself into an “information society”, with ICTs and ICT-related programs infiltrating every aspect of its existing institutional structure, e-ASEAN was an attempt at reinventing the organizational structure. Yet it is important to note that the organizational change did not alter the traditional process – consensually agreeing to a combination of binding and non-binding agreements by representatives from each country. What it did achieve, however, was to increase the private sector’s participation in “setting the direction of the economy”, commented a high level Malaysian executive. This was something that had traditionally been done primarily by the government in developing countries such as ASEAN, he concluded.

Asia-Pacific Economic Cooperation (APEC)

Background: APEC, founded in 1989, is the “primary regional vehicle promoting open trade and practical economic cooperation” and specifically focuses on economic, not, political issues.⁷ APEC is not a treaty-based organization and all of its decisions are non-binding and made in consensus. In less than 13 years, APEC’s membership increased from 12 to 21 member states. The diversity of its Member States, its rapid growth and the plethora of activities it conducts have caused some to accuse APEC of having become “everything, but then nothing, at the same time”.

Vision: APEC’s overarching objective, or the “Bogor Goals”, is for “free and open trade and investment in the Asia-Pacific no later than 2020”.⁸ Numerous initiatives have been put into place to assist with the achievement of this objective.

E-commerce Activities: Several of the activities proposed to achieve the Bogor Goals are related to e-commerce. Of those, the majority tend to revolve around information gathering / sharing, awareness raising and some actionable items, particularly ones designed to facilitate intra-regional trade.

One of the first formal e-commerce programs was the 1998 Blueprint for Action on E-commerce which was designed to consolidate, and reinforce, the various APEC initiatives related to e-commerce. The Electronic Commerce Steering Group (ECSG) was established to implement this plan and one of its most notable successes to date has been the promotion of the E-Commerce Readiness Initiative. Primarily a private sector driven project, the E-Commerce Readiness Initiative was designed to assess the status of the e-commerce environment in each individual Member State so that concrete steps could be taken to address national-level issues, thereby facilitating the acceleration of e-commerce at a regional level. According to APEC, 19 out of 21 countries have participated in this voluntary exercise with some, such as Hong Kong and Peru, even publishing the results publicly on the Internet.

Another project initiated from the Blueprint for Action on E-Commerce, and now gaining momentum on its own, is the Paperless Trading Initiative. APEC Member States have agreed to “reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration” by

⁷ APEC, *APEC Brochure 2001*, (<http://www.apecsec.org.sg/>).

⁸ APEC, “APEC Economic Leaders' Declaration of Common Resolve”, Bogor, Indonesia, November 15, 1994.

2005 or 2010, depending on the level of economic development of the Member State.⁹ Each Member State must develop a Paperless Trading Individual Action Plan which details the progress made at a national level. The program is still in the first phase, needs assessment, and given the complexity and resource intensity of homogenizing the trade-related documents of 21 countries, tangible results are not expected for at least another few years.

Yet the Blueprint for Action on E-Commerce is not the only APEC initiative promoting e-commerce. In the November 2000 APEC Ministerial Conference, a comprehensive “Action Agenda for the New Economy” was unveiled. This resulted in the 2001 e-APEC strategy, which is focused on three primary points, one of which is “facilitating infrastructure investment and technology development for on-line transactions.”¹⁰ An e-APEC Task Force was created to oversee this initiative, but this body will not replace, nor necessarily coordinate with, the existing ECSG. In order to consolidate efforts, it was mentioned that both groups may be dissolved and replaced by a new unit focused on new economy issues. When asked about the numerous e-commerce initiatives, Sam Gongsakdi of the APEC Secretariat comments that “APEC’s success will be measured by attainment of the Bogor Goals and if its way there is rather haphazard, maybe that doesn’t matter”. Yet Gongsakdi also admits that if it could be done again, a “more strategic vision, clearer game plan and better management of the process” would be recommended.

APEC Members: Australia, Brunei Darussalam, Canada, Chile, Peoples’ Republic of China, Hong Kong – Special Administrative Region, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, USA and Vietnam

More information on APEC can be found at: <http://www.apecsec.org.sg/>

European Union (EU)

Background: The EU has a fifty-year history of progressively increased integration and unity. The EU is distinct from other regional organizations in that “its Member States delegate sovereignty to common institutions representing the interests of the Union as a whole on questions of joint interest.”¹¹ This means that decisions made at the EU level must be adopted at the national level within a designated time period. The EU has a hierarchical structure with very well defined programs and processes.

Vision: The EU’s overarching objective is to “become the most competitive and dynamic knowledge-based economy in the world” by 2010.¹² This “new strategic goal” was set at a special meeting held by the EU Council in Lisbon in March of 2000.

E-commerce Activities: The EU’s e-commerce activities preceded its vision proclamation by three years, with the 1997 European Commission proposal for the European Initiative in Electronic Commerce.¹³ E-commerce was also one of the specific areas mentioned in the more comprehensive 1999

⁹ APEC E-commerce Steering Group, “Paperless Trading Individual Action Plan”,

(<http://www.ita.doc.gov/td/industry/otea/e-commerce/apec/meeting/081901/proforma.html>).

¹⁰ Xinhua News Agency, “e-APEC Strategy to be made appendix to leaders’ declaration”, APEC 2001 IN China homepage, October 19, 2001, (<http://www.china.org.cn/english/20860.htm>).

¹¹ The European Union, “The European Union at a Glance”, (<http://europa.eu.int/abc-en.htm>).

¹² European Council, “Presidency Conclusions – Lisbon European Council”, DOC/00/8, March 24, 2000.

¹³ Committee on Economic and Monetary Affairs and Industrial Policy, “Report on the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of

eEurope plan. According to Baresch of the EU Commission, the EU's e-commerce acceleration program was based on two "targeted actions". The first of which is the Information Society Technical Research Program (IST). The IST is focused on funding research projects that will enhance the economic "competitiveness and social needs" of the EU.¹⁴ One of the IST research areas is e-commerce, which supports long-term applied research projects which combine "technological innovation with new work practices and advanced business/work models".¹⁵ The second action, notes Baresch, is the setting of "minimal rules at the EU level to secure the Internal Market". Since then, two eEurope Action Plans have been approved (eEurope 2002 and eEurope 2005) to help reach the Lisbon objectives. E-commerce has played a significant role in each of these plans.

The first Action Plan, eEurope 2002, focused on "accelerating legal measures, re-focusing existing financial support programmes, and benchmarking".¹⁶ This two-year plan (2001-2002), consisted of 64 action items organized under three main objectives. The third objective, "Stimulate the use of the Internet", contains a section on "Accelerating e-commerce". Approximately two-thirds of the e-commerce action items pertain to regulation and/or legislation. The EU has accelerated the legislative process thus far; adopting laws in the copyright, e-money and jurisdiction areas as well as passing a specific E-commerce Directive. Yet according to the February 2002 EU Benchmarking report, in general, e-commerce has grown "slowly" in the EU in 2001, demonstrating that legislative changes alone will not automatically lead to an increase in e-commerce usage.¹⁷

The second Action Plan, eEurope 2005, was adopted in May of 2002 and has a slightly different "tone" reflecting a "change in the approach", says Baresch of the EU Commission, moving towards an approach which appears to be increasingly based upon private sector self-regulation and broadband orientation. In 2001 and 2002 "the EU put in place a half dozen important legislative measures for e-commerce, and having done that, it is natural for eEurope 2005 to focus down at last on the necessary and complementary self-regulatory initiatives for codes of conduct, etc, which are of course, for business to lead on" explains Richard Bartelot, Head of European Information Society Policy of the Department of Trade and Industry in the UK. Furthermore, "eEurope would have been a failure if there were not changes in the second version" as "regions have developed" and there are "different needs now", adds a staff member of the EU Commission's Information Society DG.

Member Countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. In addition, 13 eastern and southern European countries are slated to enter the EU.

More information on the European Union can be found at: <http://europa.eu.int>

Association of Southeast Asian Nations (ASEAN)

the Regions on a European Initiative in Electronic Commerce (COM(97)0157- C4 – 0297/97), A4-0173/98, May 4, 1998.

¹⁴ EU Commission, "Welcome to New Methods of Work and Electronic Commerce", (<http://www.cordis.lu/ist/ka2/welcome.html>).

¹⁵ EU Commission, "Welcome to New Methods of Work and Electronic Commerce", (<http://www.cordis.lu/ist/ka2/welcome.html>).

¹⁶ EU Commission, "Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, eEurope Benchmarking Report, eEurope 2002, COM (2002) 62 Final, Brussels, May 2, 2002

¹⁷ While the natural set of actions for a treaty-based body such as the EU, and governments in general, is to pass and enforce laws, the extent to which so-called cyber laws have benefited the spread of e-commerce is unknown, particularly in the developing world, where legal systems are often characterized by limited effectiveness.

Background: ASEAN was founded in 1967 and is focused on “cooperative peace and shared prosperity”.¹⁸ ASEAN is a treaty-based organization with the ability to pass binding conventions. The ASEAN nations are extremely diverse in terms of economic and technical development. For example, the World Bank reported that Singapore ranked 36 out of 180 countries in terms of per capita income in 2000 while Laos ranked 160. It was commented that Laos and Myanmar have little or no experience with e-commerce, while Singapore, on average, ranked among the top quintile in the e-commerce related indicators, and 8th overall (out of 75 countries), in the 2001/2002 Global Information Technology Report’s Networked Readiness Index.

Vision: ASEAN’s overarching objective, announced at the Fifth ASEAN Summit, is to achieve “shared prosperity through human development, technological competitiveness and social cohesiveness”.

E-commerce Activities: In 1999 the e-ASEAN Task Force was established. This Task Force, ASEAN’s only advisory body with private sector representation, was charged with developing a “broad and comprehensive action plan” to create an “ASEAN e-space”.¹⁹

In a short ten months, the e-ASEAN Task Force succeeded in reaching an agreement on the e-ASEAN Framework Agreement, the first ASEAN Agreement ever to be signed digitally by ASEAN leaders. It is important to mention that this agreement simply outlined the broad areas of concentration, ostensibly because it is much easier to agree upon overarching agenda items, than on actionable tasks. Yet formally setting the agenda, and signing it electronically, sends a strong signal on the leaders’ commitment to the issue, to organizations and individuals at national, regional and global levels.

One element of the e-ASEAN Framework Agreement was the “facilitation of the growth of e-commerce”. Activities in this subsection were primarily in the legal and regulatory realm, with a strong emphasis on adhering to international norms and standards. As Dr. Mah of the Dagang Net Group of Companies states, “ASEAN will develop new standards only if they do not exist in the world and won’t re-invent the wheel if not necessary”. However, in practice, multiple global standards can exist for a single technology or issue and although certain standards are recommended by ASEAN, each Member State may adopt the one it prefers. Aware of this, the Agreement also acknowledges that one of the elements required to facilitate an “ASEAN Information Infrastructure” is the “interconnectivity” and “technical interoperability” of the information infrastructure of the various nations.²⁰

The e-ASEAN Task Force has also elected to use pilot projects as one means of demonstrating the “immediate benefits” of technology to businesses and society at large. These projects could be spearheaded by any sector – public, private or non-profit – and require an innovative use of technology coupled with a sustainable business model. The project must also be regional in scope. As of June of 2002, there were 30 “e-ASEAN endorsed” pilot projects, of which 16 focused on e-commerce. Most of these projects are in the planning or implementation stage, thus it is too early to measure their impact, but the Task Force is moving ahead and has already begun a third round of pilot project proposal evaluations. e-ASEAN’s pilot projects are discussed in further detail later in this paper.

ASEAN Members: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam (all but Cambodia, Laos and Myanmar are also APEC members)

¹⁸ ASEAN, “About ASEAN”, (<http://www.aseansec.org/menu.asp?action=2&content=2>).

¹⁹ ASEAN, “Terms of Reference of the e-ASEAN Task Force”, (<http://www.fit-ed.org/easean/tor.html>).

²⁰ ASEAN, “e-ASEAN Framework Agreement”, The Fourth ASEAN Informal Summit, November 22 – 25, Singapore, (<http://www.aseansec.org/summit/infos4.afw.htm>).

More information on ASEAN can be found at: <http://www.aseansec.org>

HARNESSING E-COMMERCE AS AN ‘ENGINE OF DEVELOPMENT’

The EU and ASEAN both announced and implemented comprehensive “e” initiatives, covering access/infrastructure, e-government, human and institutional capacity building, and e-commerce. Even APEC, which is narrowly focused on economic issues, included human capacity building and market structure / institution building along with e-commerce, in its e-APEC initiative. This calls attention to the fact that regions considered e-commerce as just one of the many interrelated and interdependent building blocks for ICT readiness, mirroring existing broad international consensus.

According to the Australian Customs Service, “e-commerce in its narrowest sense offers the means through which to communicate, transact and gain information within a contemporary economy...underpinning this, however, are other business elements that need to be developed in unison, such as business processes, compliance measures, disciplines for research and investigation”. Drawing upon the broader definition of e-commerce being used in this paper - using ICTs to facilitate commerce - one can conclude that a solid foundation for traditional commerce as well as enabling factors specific to effective ICT-usage need to be in place in order to successfully promote e-commerce.²¹

Yet, what are some of the non-technological components of an enabling environment? Rule of law is one element. Colin Oliver of Australia’s National Office for the Information Economy (NOIE) notes that an “e-commerce law can be easy, but will not solve fundamental problems”, such as a legal system that “is not solid”. Another element is mindset change. Time and again it was mentioned that technology and businesses operate in a social sphere and hence as Colum Joyce of DHL states, “preparation of the social environment is critical to success of an Internet business initiative”. For example, eEurope is about building a “European Business Culture” and one of its most important elements was “changing mindsets”, not technology, notes Frank Cunningham, of the European Commission’s Information Society DG. The United Nations Conference on Trade and Development’s (UNCTAD) 2001 report on E-commerce and Development cautions that the “potential of e-commerce to become an engine of development will not be realized if investment in infrastructure, equipment and human resource development does not go hand in hand with profound modifications in the organization and management of companies and government agencies”.

So, how can regions harness this potential “engine of development”?

Where to start?

From Vision to Fruition

“Shared prosperity via...technological competitiveness”, “free and open investment and trade” and “the most competitive and dynamic knowledge-based economy in the world” are the vision statements of APEC, ASEAN and the EU, respectively. The relative vagueness of these statements such as these allows leaders to make a proclamation before they have an actual strategy in mind for achieving it. This approach buys time between signaling high-level political commitment for an issue and

²¹ For a detailed examination of enabling factors and ICT readiness, see the Global Information Technology Report: Readiness for the Networked World 2001-2002. The authors do not attempt to address key elements here such as general and ICT infrastructure, human capital and policy environment.

determining how best to tackle it, while gathering support around the initiative. A nebulous vision statement may be difficult to translate into definitive, measurable success criteria. For example, although the EU publishes the results of its benchmarking studies to demonstrate progress on its eEurope initiative, it is still not clear, at least to the authors of this report, how this organization defines, or measures, “the most competitive and dynamic knowledge-based economy”.

Two distinct paths were taken by the three organizations to move the vision to fruition. The EU Commission and ASEAN, used a multi-tiered method to operationalize the respective vision statements. The EU adopted a series of two year Action Plans, each building on the last and shaped by the input from benchmarking studies and the current environment. This two-tiered approach was consistently mentioned as being important by the EU interviewees; perhaps because they are accustomed to working within a formal structure. ASEAN employed a similar tactic. After announcing its overarching vision, it built a framework of key areas of focus and then began to develop concrete strategies to achieve the objectives of each of the broad areas of emphasis.

APEC, on the other hand, took a more fluid approach, highlighting the contrast between the highly-structured, top-down decision-making process exemplified by the EU and to a lesser degree, ASEAN, and the trial-and-error, bottom-up strategy exemplified by the APEC and the US. Although APEC announced a strategic vision, its path toward that vision is circuitous, with various, often uncoordinated, activities and project being employed to achieve this overarching goal.

Regardless of the approach taken, given the “ever-evolving technological landscape and environment”, one element of an implementation plan should be a periodic review of the criteria established to measure the vision statement, recommends Paul Skehan, Deputy Secretary General of Eurochambres. These reviews are necessary, he continues, to ensure that the initial criteria established are still appropriate indicators of the vision statement. For example, assume that one measurable criteria of a vision statement is putting a computer in every school within a designated period to increase the usage of the Internet by school-aged children. If a technical or business model innovation results in a more effective method of conveying the same benefits to students, at a lower cost, the criteria should be able to be changed to reflect this opportunity. If however, the initial criteria are simply not achieved for lack of commitment or other correctable issues, it should not be downwardly adjusted. Therefore, Skehan cautions, a balance must be reached, between the “flexibility” to change criteria with the “ability” to change criteria simply because they are not being met.

It is worthy of note that within the three vision statements none of them made specific mention of e-commerce, yet all of them included it in their implementation plans. Suggesting the perception that e-commerce played a supporting, rather than leading role in these regions, and was one of many tools utilized to achieve the overarching vision.



Across the European Union, “Go Digital” banners are waving. No, it is not an advertising campaign by a major IT company, but rather it is the logo for the European Union’s initiative to promote e-commerce among Small and Medium Enterprises (SMEs).

One of the initial agenda items of the 1999 eEurope initiative was to encourage SMEs to ‘go digital’. Recognizing the power of brand recognition, the European Commission “branded” the Go Digital campaign, unveiling the associated logo. According to Frank Cunningham, Head of the Go Digital campaign, the logo “enabled many players to conceptualize the whole campaign as a platform from which many various kinds of activities – customized to local needs – can be launched”. Furthermore, unlike the private sector, which fiercely guards its logos and brands, the Commission readily provided the logo to any organization – local, sub-regional or regional - which wanted to support SMEs to Go Digital and allowed them to tailor the logo and brand to their particular needs.

Cunningham views the Go Digital campaign as one of the “more successful EU programs” in that it has achieved prominent visibility among EU Commission staffers, individual Member States and the SMEs themselves. Confirming this is the fact that over 400 people attended the Go Digital kick-off conference in April 2001 and even more, approximately 500 people, attended the Go Digital Summit this past May.

Yet as branding masters such as McDonalds and Intel know so well, your brand is only as good as your product or service, hence the Go Digital initiative needs to deliver more than just awareness. Although awareness, one of the 11 objectives of the initiative, has certainly been achieved.

Context-Driven Determination of Goals

Research and data is being used by the regions to set initial priorities, measure progress and adapt programs to better meet the overarching objective and vision. The e-Readiness Study conducted by the ASEAN Secretariat played “an important role in defining the work for the Task Force”, recalls Shelah Lardizabal of the e-ASEAN Task Force Secretariat. The ASEAN Secretariat was “aware of the e-APEC Readiness Study” and they referred to it for “comparative purposes”, she notes. Benchmarking is an important part of the eEurope Action Plan and has assisted the EU with measuring its progress on the first eEurope Action Plan and on determining the elements of its second Action Plan.

Data will be a more important aspect of agenda setting as its measurement becomes more sophisticated and widespread. One dilemma is determining how much data is enough and balancing the time required for data gathering with the time urgency associated with action. This balance is complex given the current lack of accurate data available on the use of ICTs, the challenges associated with selecting the right metrics, and improving data collection in general -- and in the developing world in particular. Recent research employs hard data where available, but also depends heavily upon surveys, anecdotes and other qualitative tools.

While it is essential that initiatives be designed for their specific and unique context, it is possible to leverage the extensive research that has been conducted on e-commerce as a starting point, supplementing

it with regional-specific activities. For example, the uptake of e-commerce and barriers to usage of ICTs among small and medium-sized enterprises (SMEs) have been studied extensively around the world and it appears that there is tremendous commonality in the impediments cited. In 2001, the Asia-Oceania e-marketplace Association (AOEMA)²² conducted a global analysis of reports from “significant sources around the world” including the OECD, WTO, World Intellectual Property Organization (WIPO), International Telecommunications Union (ITU), on barriers to SME e-commerce uptake and found a “virtual consensus” on seven barriers to adoption. In this case, instead of conducting yet another in-depth study, regions can take advantage of existing research and move more rapidly towards the identified actions areas that are most appropriate in their communities.

Far more complicated than identifying barriers to e-commerce, however, is the process of creating, prioritizing, sequencing and implementing practical solutions. Analysis of qualitative and quantitative information plays an important role in agenda setting, but other individual, institutional and situational factors are also of the utmost importance. The content of the initiatives analyzed tended to reflect the motivations behind their creation, the political “horse trading” which occurs within the legislative and bureaucratic decision-making processes, and the inclusion of issues which happened to be in vogue at the time.

The convergence of tremendous continued enthusiasm over emerging technologies and the dearth of high quality information about them can lead to a potentially volatile situation where irrational decisions and political horse trading can play prominent roles. By paying explicit attention to benchmarking and using methods for independent evaluation, policymakers and implementers can help ensure that areas and priorities are based on facts, needs and likelihood of success, rather than hype and optimism.

SMEs: Should SMEs be a focal point of an e-commerce initiative?

It is difficult to find an e-commerce program that does not specifically promote e-commerce among SMEs. Study after study cites the disturbingly low ICT and e-commerce usage rates among this sector and due to its great importance in employment generation and wealth creation, it is often directly targeted in the various e-commerce initiatives. Yet there is no evidence that directly targeting SMEs will increase e-commerce usage among this sector.

Frank Cunningham, Head of the EU Commission’s Go Digital campaign mentioned that the EU decided to target SMEs for its e-commerce initiative because two years ago few were involved in e-commerce, and those that were involved “were on the supply chains of large corporations that used e-commerce”. If this were the case, would indirectly targeting SMEs, via supply chains, be an effective tool to increasing e-commerce usage? The “virtual community” school of thought would argue so. Further investigations need to be done to determine the optimal mix between direct and indirect targeting of SMEs, so it should not be automatically assumed that the direct approach is the only, or best, alternative.

It should also not be assumed that e-commerce is an imperative for SMEs. A few interviewees hesitantly suggested that e-commerce may not be a good match for all businesses, a controversial proposition, but one that should also be explored further.

²² For a copy of the AOEMA report, please visit AOEMA’s web page: <http://www.aoema.org/EC-Best-Practice/index.htm>

Back to Basics

“Of course, nobody could have foreseen at the time that the stock market crash would prevent e-commerce to grow [from growing] as quickly as was expected”, states Baresch of the EU Commission. APEC, ASEAN and Europe developed and launched e-commerce initiatives at the height of the dot-com boom. Expectations were exceedingly high across the globe and many lost sight of business basics in a rush to exploit new technologies and business models. According to a staff member of the EU Commission, the dot-com bust “forced people to realize that they needed to focus on core” business fundamentals while asking themselves “what e-commerce can offer them”.

Although “the dot-com debacle has decreased optimism,” Paul Skehan of Eurochambres notes that in Europe “e-commerce / ICT are still a priority area and countries see the longer term need of pushing on and are doing so”. The same is true in Southeast Asia as reflected by a comment by a government official in Singapore, “most of the [initial e-commerce] objectives are still intact”, he says, “but implementation strategies are being reviewed” due to the fact that businesses and governments are “more cautious in investing in e-commerce companies”. With the rapid demise of dot-com companies and the rippling effect on the world economy, both organizations have been forced to revisit the potential and limitations of e-commerce; regional institutions are no exception.

The “Killer” Application – Tourism, E-mail.....

The 2001 UNCTAD report on E-commerce and Development specifically highlights tourism as the “perfect fit for e-commerce” in developing nations, both because it is “very information intensive” and because “consumers come from mostly developed countries with modern ICT and financial infrastructures”. Furthermore, according to the InterAmerican Development Bank, approximately one half of all US citizens booked online travel in 2001 and during the peak 2001 travel booking season, comScore Networks noted that online travel equaled more than 40% of total online sales. This trend is predicted to continue as the World Travel Organization estimates that Internet sales will equal 25% of total tourism sales within four or five years.

Yet is tourism *the* “killer” application, or are there various? According to Catherine Mann (2002), e-commerce can enable innovations in processes, products and markets. Perhaps the usage of one of the most basic e-commerce tools, e-mail, will lead to the discovery of process, product and market innovations within a region

Respondents from both Asia and Europe emphasized the importance of e-mail with “businesses large and small” using it to “manage business dealings” says Jan Gessin of AOEMA. E-mail is a powerful business tool, which has been used by some companies to make certain business operations more efficient. E-mail is also a stepping stone to more advanced e-commerce activities, which may involve the creation of new products or markets. An EU Commission representative was adamant about the fact that the use of not all businesses will reach the online selling stage, but a company will never sell online without having taken the initial step of incorporating e-mail into its normal business processes.

Function Follows Form?

Consensus and Integration vs. Speed and Dynamism

Baresch, of the EU Commission mentions how the eEurope Action Plan has “considerable political weight and commitment” due to the fact that European leaders directly approved it. However, this same plan was criticized by a private sector representative who states that “when you deal with consensus in the European Union, you go down to the lowest common denominator and it is very low in the e-commerce realm”. Reaching consensus is also a very time-consuming process. One benefit of APEC’s “loose” organizational structure and non-binding decisions, say Colin Oliver of Australia’s NOIE is that it can “move a lot faster than other international organizations”. Yet, ASEAN leaders have mentioned that what differentiates ASEAN from APEC is the very fact that it can agree to binding decisions. So while each region must develop the most appropriate initiative for its particular objectives, this process must account for the organizational context in which the initiative will be designed and implemented.

APEC: Dynamic priority setting and survival of the fittest

At first glance, it is difficult to determine how, or if, the various APEC e-commerce initiatives fit together. To name just a few, there is the original 1998 Blueprint for E-commerce which was to be implemented by the newly-created E-Commerce Steering Group (ECSG). There is e-APEC strategy, and its associated Task Force, which also has e-commerce related activities. In 2000 an independent, APEC-wide Action Plan to Support the Use of E-commerce by SMEs was introduced and in 2001, the E-commerce Economic and Technical Cooperation Initiative was born.

Confusing, perhaps, yet there is an underlying reason behind these numerous initiatives. Given the fact that APEC is loosely-organized and member-driven, initiatives can stem from various parts of the organization, including from the private sector. Therefore, “widespread support and ownership among the APEC membership is vital to the success” of a particular initiative, notes Sam Gongsakdi of the APEC Secretariat. Those without this support, such as the Blueprint for Action on E-commerce, which was more successful in raising visibility of the issue than on achieving concrete objectives, fade away, replaced by a new set of initiatives. Hence, what could be considered unruly by some, could be considered a natural process of priority setting in an organization with such a large and diverse membership, by others. This was the case with the Public Key Initiative (PKI) Interoperability Group, which according to Steve Orłowski of APEC’s eSecurity Task Group (eSTG), was able to “evolve as issues emerged”, eventually transforming into the eSTG.

Aligning National and Regional Interests

“Just because you are one of the EU countries, does not mean that you will subsume your national interests to the regional good”, says Colum Joyce of DHL. Where can a regional organization add value, therefore? Across the board, agreed upon by both the private and public sector and all of the regions, a key role of the regional organization was to coordinate national activities, convening national players to promote intra-regional learning and collaboration, hence aligning national and regional interests.

It is interesting to note that funding was not a key element of these initiatives. ASEAN lent its name, not funds, to its pilot projects and according to Jorge Gasós of the EU Commission’s Information Society DG, there was no budget initially assigned to the eEurope initiative. Hence activities associated with eEurope were incorporated into the existing EU infrastructure and programs, and ASEAN pilot projects were required to have a sustainable business model. In the EU, support consisted of re-directing the EU’s IST research agenda to support the eEurope program and specific e-commerce objectives. In ASEAN, support was via visibility – increasing the profile of the projects by listing them on the e-ASEAN Task Force’s homepage, potentially leading to interest in the investment community. There are pros and cons

to the lack of funding, states Frank Cunningham of the EU Commission. He would have appreciated some financial support for key projects in his area (Go Digital), yet he appreciated the fact that his unit was not limited to a pre-determined project or resource base.

Whether the regional organizations played a coordinating role because it was believed to be most appropriate or if it was done out of necessity (some have commented that ASEAN and APEC run on “shoestring” budgets), it was perceived as effective by organizations’ constituents. Which is a key point. All of the regional organizations represent countries in the area and are chartered with furthering national interests via regional cooperation. An alternative approach may be warranted by an institution with a distinct membership base and mission.

Heterogeneous Regions vs. Homogeneous Initiatives

A disparity in the levels of ICT readiness has slowed down regional ICT initiatives in ASEAN, comments a leading private sector representative from Malaysia. One way of compensating for this, says William Hioe of the IDA, has been for more advanced countries to begin with bilateral agreements. Singapore and Malaysia signed such an agreement for the cross-recognition of digital certificates and their experience can be observed and used as a model by the other ASEAN Members Countries. APEC has a similar solution with its Pathfinder Initiatives. According to Jaeyung Park, Deputy Director of the E-commerce Policy Division of the Ministry of Commerce, Industry and Energy of the Republic of Korea, a Pathfinder Initiative is one in which a group of Member States pilot the implementation of a project in order to provide a framework “to encourage the broadest participation by other APEC members when they are ready to join”. The project, he clarifies, must be designed to make progress on the Bogor Goals; safeguarding that all APEC members are marching toward the same overall objective.

Leading by example, and demonstrating small-scale successes, could facilitate intra-regional learning in regions with countries at disparate economic and technical levels. The risk of this approach is the perception of “domination” by certain countries within a region, a sentiment expressed by at least one private sector participant who requested to remain anonymous.

The Global Perspective

“Experience has shown that regional programs tend to deliver faster progress than multilateral organizations,” states Paul Myler of Australia’s Department of Foreign Affairs and Trade. The EU appears to be in agreement and has started with a somewhat “parochial” approach to e-commerce by prioritizing the resolution of regional-levels issues before tackling global interoperability issues, observes Clyde Stubbs of the European Forum for Electronic Business (EEMA). “Given the global dimension of the Internet” mentions Denis Baresch of the EU Commission, the Commission “recognised the need to promote these activities at international level, both in discussions within the framework of international intergovernmental organisations (e.g. OECD, WTO, the United Nations’ Commission on International Trade Law - UNCITRAL, Council of Europe), but also private sector bodies, such as the Global Business Dialogue on electronic commerce (GBDe). Furthermore, once the EU has unified its e-commerce strategy, it will be a formidable force in these global negotiation fora.

ASEAN, desiring to have the “friendliest” policy environment for e-commerce, states a Shelad Lardizabal of the e-ASEAN Task Force Secretariat, is very aware of international interoperability issues and the e-ASEAN Task Force has specifically recommended the adoption of global standards, such as select WIPO treaties. Model laws for digital signatures and electronic transactions developed by UNCITRAL have also been adopted by some of the Member States.

This begs the question, which approach is more effective, designing or adopting international standards? This does not have to be an either/or answer, as one does not preclude the other. Standard development requires extensive resources, in terms of time, money and political capital. Yet, there is a potential high cost if regional standards conflict with global standards. A region therefore needs to evaluate to the level of involvement in the standard setting process it wants to play, a decision based on the opportunities it would create, versus the resources required to be an active participant. There has been limited participation to date by the developing world in standards setting arenas (International Corporation for Assigned Names and Numbers, or ICANN, is an example), and seems important that the developing world take its rightful seat at the table.

Stakeholder Involvement

Similar objectives, different agendas

“It is crucial to get all parties to work in unison and harmony, says James Roper, Chief Executive of the Interactive media in retail group (IMRG), “no one can do it alone – need all players to get together around a table and make a decision”. Everyone interviewed stressed the importance of involving both the public and private sectors in any e-commerce related initiative given the joint gains to be made, including employment generation, increased tax revenues, new market opportunities, and increased efficiency and transparency. Yet in the near term the sectors are driven by very different, and possibly conflicting, agendas. The public sector is concerned with social and political returns and will tend to focus on marginalized communities, small and medium sized enterprises (SMEs), rural areas, schools, etc. The private sector, however, is concerned with private returns – profits - and according to Joyce of DHL, will want to concentrate on high-population, urban areas which are more “economically feasible”. Further complicating the situation is the fact that the public sector’s toolkit is comprised of laws and regulations, yet, representatives of private sector trade organizations, such as Roper, argue that “given the formative stage of the market, effective self-regulation is the best method”. If the public and private sectors are to succeed in working together, they must both compromise and look beyond the next election or quarterly revenue report for a more strategic vision. Easy in theory, but in extremely difficult in practice, with intense stakeholder pressures being put the two sectors.

While was no extensive discussion of the role of the non-profit sector and academia specifically in e-commerce initiatives in the course of this research, this should be considered within the broad consensus that these sectors are essential for broad ICT readiness within society.²³ In that sense, there is significant overlap with the realm of e-commerce in diverse areas including building human capital to better utilize technology, developing systems and research that enable e-commerce, creating frameworks for analysis and benchmarking, civil society input on issues of consumer protection, privacy and security, and analysis of e-commerce trends.

Maximizing private sector involvement

“It is difficult to select one private sector partner without considering the thousands of others”, admits Dr. Mah of the Dagang Net Group of Companies. Yet this is the exact challenge faced by the Economic Ministers of the ASEAN nations which are responsible for choosing a single private sector representative for the e-ASEAN Task Force. The Malaysian government’s delegate is the Multimedia Development Company (MDC), which is the private sector arm of the Multimedia Super Corridor (MSC) project. The MSC is a major component of Malaysia’s national ICT plan, Vision 2020, and consists of the creation of

²³ It merits mention that the Information Technologies Group at the Center for International Development at Harvard has been contacted by ASEAN, APEC and the EU as a resource and also as a potential research partner.

a cluster of cyber cities, hosting e-government, e-commerce, academic and research and development activities. According to Dr. Mah, the MDC represents some 750 corporations in Malaysia and functions as a “distributor of information and facilitator of all e-ASEAN related activities” in the country. Although he feels that this model has been a success, criticism was expressed by at least one major Malaysian corporation which felt that it should have been invited to participate in the e-ASEAN Task Force, but was not.

An alternative approach has been implemented by APEC. APEC has strongly embraced private sector participation since its creation and soon found that corporate executives were unable to spend various days at meetings in far-flung locations, and were frustrated with having to master the formal communication protocols that are natural to public sector officials. Consequently, APEC had to discover a method of soliciting private sector input without hindering the business activities of its representatives. Its solution was ABAC – APEC’s Business Advisory Council. This is a permanent council, comprised of up to three senior-level executives from each member country, which advises APEC leaders on business’ interests. It prepares an annual report which is presented, in person, to the APEC leaders at the annual Leaders’ Summit. This model has provided the private sector with an official voice in APEC, while simultaneously unencumbering it from the political process.

In the Free Trade of the Americas (FTAA) negotiations process, the Joint Government – Private Sector Committee of Experts on Electronic Commerce (JCEC) was created, acknowledging, once again, the key role of the private sector in e-commerce. However, given that this Committee is comprised of private sector representatives, it cannot be formally involved in the treaty negotiations, thus limiting its role to preparing advisory reports for already-oversubscribed negotiators. This limit to participation in the process by an otherwise effective body highlights another challenge of implementing genuine private-public coordination.

Another key question revolves around how a region can ensure that its private sector partners represent the interests of the greater national and regional corporate constituencies, and not just its individual corporate interests. Options include elections, rotating representation, establishment of a specific organization to represent this sector with each model having its advantages and disadvantages, and no particular one being appropriate for all regions or cases.

Of course the selection and input of the private sector is a moot point if the organization does not adhere to, or at least seriously consider, its recommendations. In our study, the majority of the private sector representatives interviewed perceived that their input was listened to and often, acted upon. In the case of FTAA, however, the extent to which the working group’s efforts will be able to inform negotiations remains very much unknown.

Government as a catalyst for change

“I don’t see government doing anything, so obviously they do not trust e-commerce, so why should I?”, is a common response by SMEs in the APEC region according to Jan Gessin of AOEMA. Governments can be important catalysts for the adoption of e-commerce in numerous ways: leading by example, providing funding, offering critical locally relevant content, outsourcing e-government operations to the private sector, etc. Yet governments run a risk in leading by example. According to Carlos Osorio of the Center for International Development, the vast majority of e-government projects exceed stated budgets and miss deadlines. Although this is likely true in many private sector technology projects as well, customer relationship management systems being a prominent example, private sector corporations are not necessarily the role models that governments are. More important than an analysis of missed deadlines or cost overruns, would be to examine the outcomes associated with the initiatives from a

variety of different perspectives ranging from effect on government efficiency and effectiveness, to broader effects on society's use of and attitudes towards ICTs.

From a regional perspective, there are two e-government strategies in particular, that would seem to be promising in terms of their potential impact in fostering intra-regional commerce. First, the creation of an integrated digital customs system, such as the one APEC is striving to implement, could considerably decrease the costs and times associated with export activities inside a region. At the same time, it could enhance the quality and quantity of information about traditional and electronic commerce in a region, and send a powerful message to trading partners and investors outside the area. Second, the design of a regional government procurement system could create a common market to foster the adoption of information technologies by companies inside the region, enhancing interregional trade, while improving procurement and generating important cost savings to the public sector. This initiative could also improve transparency, allow for broader private sector participation and enhance a region's position in trade negotiations, such as the government procurement negotiations of Free Trade Area of the Americas (FTAA).

“e-ASEAN endorsed projects”

Government support need not be synonymous with funding, at least not in the case of the e-ASEAN pilot projects. The e-ASEAN Task Force elected to “award is stamp of endorsement”, and not financial aid, to a limited number of projects. A selected project can publicly state that it is an “e-ASEAN endorsed projects” and is granted a prominent spot on the e-ASEAN Task Force website. Although the project must be based on a sustainable business model, the visibility and acknowledgement associated with e-ASEAN's backing, could possibly open doors to increased investment opportunities and expansion.

Two examples of e-ASEAN pilot projects are:

eASEANtravel.com: This eTourism portal provides a consolidated platform for all travel-related companies in the region, consolidating travel information on a single easily navigable website and potentially achieving economies of scale via shared facilities. The project is being led by KUB Sistem, a Malaysian e-commerce company founded in 1994. A private sector representative commented that this pilot project is one of the most promising. However, a person closely involved with the project notes that they have only achieved 10% of what they want to accomplish and they are counting on additional funding to allow them to move forward on the remaining 90%.

WeASEAN.com: According to Dr. Mah of the Malaysian private sector company leading this initiative, weASEAN.com is “a common platform to link all ASEAN companies' SME focus”. A joint initiative between companies from Thailand, Malaysia and Singapore, the site creates an “ecosystem” or virtual community, joining Internet-enabled service users and providers. This project is currently in the implementation stage and the leading organization is more interested in acquiring government support, than in an infusion of funding.

For more information on the e-ASEAN pilot projects, including links to all existing projects, please visit the e-ASEAN Task Force website, <http://www.e-aseantf.org>

CONCLUSIONS

During the late 1990s there was immense optimism and enthusiasm surrounding the New Economy. At the time, e-commerce was seen as key to unleashing new markets and economic potential and this was particularly appealing to some regions given the challenging employment and/or investment climates. It was in this context that the three regional e-commerce initiatives were launched and hence the thrust of the various initiatives was to accelerate its adoption, particularly among SMEs.

Regional approaches to this challenge varied considerably and were largely dependent on the institutional structure and norms in which each initiative was conceived. The European Union's philosophy was to leverage existing programs and procedures, helping ICTs to permeate the entire organization. This was in line with the Union's commitment to tight integration and top-down, decision making. Furthermore, its ability to make binding decisions that must be implemented on a national level, allowed it to formulate regional level legislation and policies that would have been extremely difficult for an organization such as APEC to accomplish.

It appears that some of the more advanced economies in APEC, on the other hand, used this entity as a conduit for the promotion of liberal trade philosophies. The tactics revolved primarily around information gathering and dissemination, areas where APEC could play a role. In line with APEC's fluid organization, and bottom-up approach, various e-commerce related initiatives were announced, beginning with those sponsored by Australia. The private sector heavily influenced APEC's e-commerce activities, encouraging one of the cornerstone projects, the e-Commerce Readiness Initiative.

Conversely, the trade ministers in ASEAN perceived that institutional change was necessary to appropriately handle e-commerce. Therefore, the first ever multi-sector task force was inaugurated and ASEAN lent its name to select private sector led pilot projects. ASEAN incorporated these changes into its existing institutional structure, consequently, complementing, not supplanting, traditional processes and norms.

The climate has changed significantly since these three regions adopted e-commerce initiatives. The dot-com bubble has deflated, expectations for e-commerce are more measured and e-commerce is being more widely integrated with general commerce. Yet, the lessons learned from these initiatives can assist other regional organizations because many of the high level principles associated with this issue remain relevant.

One critical lesson to be learned from these regional experiences is that there is not a single, nor optimal, approach to fostering e-commerce. As Colum Joyce of DHL reminds us in the *Case for a European E-Commerce Model*, multi-cultural regions need to develop their own e-commerce models, appropriate for their unique environment. Many European companies have mastered the intricacies of conducting traditional commerce in a heterogeneous marketplace, it states, and if they are able to leverage this experience into an alternative e-commerce model, they could have a critical advantage in the marketplace; both within Europe and beyond. The same would hold true for regions. A region will require a distinct e-commerce model for its particular realities. The model selected also should be congruent with the region's overall ICT strategy, as e-commerce is simply one element of ICT readiness.

APPENDIX A: INTERVIEW / SURVEY RESPONDENTS

Anonymous Private Sector Representative, Malaysia (ASEAN)
Anonymous Representative, European Commission, Directorate General Information Society, Belgium (EU)
Anonymous Representative, Joint Government – Private Sector Committee of Experts on Electronic Commerce (JCEC) of the Free Trade of the Americas (FTAA)
Augerot, Arrow, E-Commerce Steering Group, International Trade Administration, USA
Baresch, Denis, European Commission, Directorate General Information Society, Analysis, policy planning, eEurope, Belgium (EU)
Bartelot, Richard, Department of Trade and Industry, Head of EU Information Society Policy, UK (EU)
Basilio, Antonio, Director of Operations of the ABAC International Secretariat (APEC)
Browning, Douglas, Assistant Commissioner, Office of International US Customs Service, US (APEC)
Coward, Chris, University of Washington, US
Cunningham, Frank, Directorate General Information Society, Leads Go Digital, Belgium (EU)
Gasós, Jorge, European Commission, Directorate General Information Society, Belgium (EU)
Gessin, Jan, Asia-Oceania E-Messaging Association (AOEMA), Australia (APEC)
Gonsakdi, Sam, Director (Program), APEC Secretariat, Singapore (APEC)
Hassan, Kamarudin, Minister of International Trade, Malaysia (ASEAN)
Hioe, William, Senior Director, Infocomm Development Authority (IDA), Singapore (ASEAN)
Ho, Susanne, Assistant Secretary, Information Technology & Broadcasting Bureau Hong Kong Special Administrative Region (APEC)
Joyce, Colum, Global e-commerce Strategy, DHL, Belgium (EU)
Kazmin, Amy, Financial Times, Bangkok, Thailand
Lardizabal, Shelah, e-ASEAN Task Force Secretariat, Philippines (ASEAN)
Mah, Dr. Alvin C K, Director, Strategic Global Relations & Alliances, Dagang Net Group of Companies and leader of WeASEAN and ASEAN-TEDI pilot projects (ASEAN)
Mann, Catherine, Institute for International Economics
Myler, Paul, a/g Director, E-APEC, Business, Economic & Ecotech Section APEC and Regional Trade Policy Branch, Department of Foreign Affairs and Trade, Australia (APEC)
Nordin, Suhaimi, Multimedia Development Corridor (MDC), Malaysia (ASEAN)
Oliver, Colin, National Office for the Information Economy (NOIE), Australia (APEC)
Orlowski, Steve, APEC's e-Security Task Group (eSTG), Australia (APEC)
Park, Jaeyung, Deputy Director, E-commerce Policy Division, Ministry of Commerce, Industry and Energy, Republic of Korea (APEC)
Roper, James, Chief Executive, IMRG, UK (EU)
Skehan, Paul, Deputy Secretary General, Eurochambres
Smutkupt, Phumisak, Project Analyst, Electronic Commerce Resource Center, National Electronics and Computer Technology Development Agency, Thailand (APEC)
Stubbs, Clyde, European Forum for Electronic Business (EEMA), UK (EU)
Wong, Douglas, Correspondent, Financial Times

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