Legal framework

- Create trust in the mechanics of e-trade (electronic signatures, copyrights, consumer protection, consumer privacy, dispute resolution).
- Reinforce international competitiveness (tax laws).
- Don't overregulate: overregulation creates technological bias and unforeseen barriers.
- Work internationally: e-commerce is by nature without borders and harmonizing national laws is critical.

E-government

Give citizens online information and transaction services. Emphasize online government services for exports. E-government has several benefits:

- greater public-sector efficiency and transparency;
- faster, more accessible services for business; and
- induces firms to become e-competent, to benefit from online procurement, export information and administrative requirements.

Financial access

- For the public sector, to develop telecommunications infrastructure.
- For digital economy start-ups that require initial working capital.
- For "bricks and mortar" firms that wish to invest in computers and build e-trade capabilities.

jing the Digital Divide

Education and training

Governments do not have the resources to invest single-handedly in necessary changes.

- ► Explore public-private initiatives; IT corporations, for example, may have training institutes that can be adapted to broader uses.
- ► Consider high-end training for IT specialists, more basic training for employees, e-literacy for the general public and e-management events for senior managers.
- ► Reconsider the role of Internet service providers (ISPs), Internet cafés and community centres.
- ► Bring technology into the classroom at an early stage, and keep it there.

Internet access

Basic telecommunications services and Internet access are essential.

- ► Leapfrog if you can, but don't postpone decisions based on evolving technology.
- ► Focus on technology that does the job, not necessarily the latest technology.
- ► Consider low or no tax on hardware and software imports in order to promote access.
- ► If you must choose, concentrate first on serving areas where export businesses are clustered.
- ► Leverage your resources: find ways to maximize the number of users per connection. Combine Internet access and training, for example, by setting up community telecentres.

E-challenges: Countries in Action

Below is a small sample of e-trade challenges and approaches in developing countries. For more information, see the Executive Forum book and e-mail discussions at **http://www.intracen.org/execforum**

Ghana's e-challenge

Ghana's national strategy is to promote export development aggressively, primarily in non-traditional export sectors. The Ghana Export Promotion Council (GEPC) coordinates the implementation of this strategy. One of Council's strategic objectives is that all registered Ghanaian exporters should become e-competent by 2003.

According to GEPC records, some 2,600 Ghanaian companies are involved in exporting. A telephone survey of 654 of the 838 exporting companies currently registered with GEPC revealed that only ten (equivalent to 1.5% of all registered exporters) had Internet connectivity, the first step in acquiring the capability to engage in any form of e-trade.

A related survey of a broader audience, the "national export community" (22 additional companies, 15 trade support institutions, seven trade promotion organizations and six product and trade associations) revealed a somewhat higher level of connectivity, but little application to business development.

The surveys revealed that the low response within the Ghanaian business sector to e-trade challenges and opportunities was due to:

► an overall view that the Internet was a status symbol and that being connected was unlikely to alter business prospects and practices;
► general absence of computer literacy within the firm;
► perceived high cost of acquiring e-competency within the firm;
► perceived high cost of building e-based operations and networks;

► perceived high initial cost of connectivity; and
► absence of an electronic payment system.

The response of GEPC

To address low e-competency and commitment to acquiring e-trade capability, the Ghana Export Promotion Council has developed an e-competency strategy that includes:

► arranging soft loans through its Export Development and Investment Fund to exporting firms for the purchase of computer systems;
► organizing training programmes for export firms through its Export School programme;

Internet access is a challenge for many exporting SMEs in developing countries. For this reason, several national trade promotion strategies concentrate on connecting and training SMEs.

► establishing a national portal, which will provide comprehensive information on Ghanaian exports and a virtual product exhibition;
► encouraging computer companies and Internet service providers (ISPs) to participate directly in the e-competency programme;

► encouraging exporters to "connect" to the Internet, develop enterprise web sites and devise e-trade strategies;
► encouraging banks to set up systems to facilitate online payments for domestic and external commerce;
► advocating changes in public policy with a view to reducing tariffs on imported computer hardware; and
► promoting investments in the assembly and manufacture of computer hardware in Ghana as a cost-cutting measure.

Business view from Ghana: Internet — friend or foe?

Ghana's national strategy is to promote economic development by expanding and diversifying exports. Promoting e-competency within the Ghanaian business community is a central feature of this strategy.

For the strategy to be a success, it needs support from Ghanaian business leaders. Among these leaders is the head of a sizeable, Accra-based handicraft marketing company, who is also the president of the Handicraft Exporters Association of Ghana.

To maintain regular and rapid contact with his international buyers, he established an e-mail address at a nearby Internet café. He is not convinced, however, that the cost of acquiring further e-business systems and competencies within his firm and, by extension, the entire handicraft sector in Ghana can be justified.

From his perspective, there is little evidence that e-competency:
► promises new operating efficiencies and access to a wider client base;
► creates opportunities to reposition his firm in the international value chain; or
► is essential to maintaining existing commercial relationships.

Are Developing Countries Ready?
Three ITC surveys

A series of surveys conducted in preparation for the Executive Forum 2000 indicates that e-competent firms are the exception. The survey results, and the Executive Forum 2000 consultation, reveal that there has not been a concerted effort within the business community of most developing and transition economies either to acquire e-competency or to use the Internet as a tool to increase or, at the very least, maintain international competitiveness. This is particularly the case of the SME sector — the sector that, in the majority of developing countries, makes the greatest contribution to national export performance.

Exporting SMEs – use of ICTs

In one survey, ITC contacted 50 "connected" SMEs in South-East Asia, North Africa, the Middle East and eastern Europe. Each has a web site. The objective was to acquire their views on ICT as a business development tool and in so doing, gauge their e-trade readiness.

The survey produced surprising results. It revealed that connectivity is seen as a
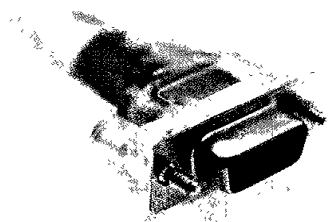
How many firms are plugging into e-trade?

valuable communication tool, but not as an essential aspect of competitiveness. The use of ICT was acknowledged as important to establishing a modern and innovative business culture within the enterprise but was regarded as having no, or minimal, direct impact on sales prospects or purchasing efficiencies.

Few of the managers contacted considered web strategy an integral part of their overall business. Nor did they believe that the application of ICT would become a fundamental element of their long-term business development strategy. For the vast majority, the seamless e-transaction is a long way off because of perceived difficulties in introducing online financing

and payment, and customs collection and taxation applications.

Garment exporters – electronic purchasing practices

A second survey of developing country SMEs focused on the use of the Internet to generate purchasing efficiencies. The survey covered garment exporters in Bangladesh, the Philippines and Sri Lanka who imported a significant amount of their fabric requirements. The survey confirmed that e-mail was the only application so far used by these enterprises. Most did not see a need to use the Internet to find new supply sources. None used the "request for quotation" facilities provided by Internet-based applications. None bought or managed international logistics over the Net.

National trade promotion organizations

A third survey of 51 developing and transition economy trade promotion organizations showed uneven response to the demands of the digital economy. Less than half canvassed by ITC indicated a specific e-trade component in their national export development strategies. Among the countries that have an e-trade strategy, few have an integrated approach to ensuring that the right environment exists for e-trade growth and even fewer have established a comprehensive programme of support to the business sector. ▶

Brian Barclay, ITC, coordinated the Executive Forum 2000. Natalie Domeisen co-moderated the e-mail discussions for Executive Forum 2000.

E-trade capability defined

"E-trade capability" means a firm can:
- ✔ Conduct preliminary market research and identify possible commercial partners.
- ✔ Promote capacities and establish an e-presence through a web site.
- ✔ Initiate and maintain regular contact with prospective clients and suppliers through e-mail.
- ✔ Acquire credit references.
- ✔ Negotiate terms and contract specifics.
- ✔ Exchange and sign contracts on the basis of digital signatures.
- ✔ Order materials to produce contracted goods, and monitor production and delivery status.
- ✔ Expedite clearance of imported materials through customs.
- ✔ Coordinate production and delivery with subcontractors.
- ✔ Provide the buyer with information on order production and delivery.
- ✔ Coordinate shipment with freight forwarders.
- ✔ Acquire certificates of origin and other export documentation.
- ✔ Organize payment to suppliers through the local banking system.
- ✔ Receive payment from the buyer through the international banking system.