

# OECD GLOBAL FORUM ON KNOWLEDGE ECONOMY



**ICTs & E-business:**

**POLICY FRAMEWORKS AND NEW ISSUES**

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# **SPECIAL OPPORTUNITIES FOR DEVELOPING COUNTRIES**



**Competitiveness of Existing Industry Sectors**

**Government Use of Technology & E-Gov Applications**

**Fixed & Wireless Infrastructure Build-Out**

**Manufacturing of Hardware**

**E-Commerce Companies & Technology Solutions**

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# **SPECIAL OPPORTUNITIES FOR DEVELOPING COUNTRIES**



## **OFFSHORE OPPORTUNITIES**

**Data Entry**

**Records Processing (A/P, A/R, G/L)**

**Customer Service & Call Centers**

**Order Entry / Inventory Control**

**Data Bank Development**

**Data Storage Operations**

**Remote Systems Administration**

**Software Development**

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# **NEW ENVIRONMENT: IMPACT OF **IT** ON LEGAL FRAMEWORK**

**Digital Intellectual Property Considerations**

**Online Transactions v. Paper Writings**

**Digital Signatures v. Ink Signatures**

**E-Payments & E-funds Transfers v. Written Checks/Deposits**

**Electronic Data Interchange v. Paper Flow**

**New Privacy and Consumer Protection Considerations**

**Jurisdiction in Cyberspace**

**Convergence of Voice & Data**

**Evidentiary, Audit Trail, Search/Seizure**

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# ICT POLICIES & LAWS



- **Electronic Transactions**
- **Digital Signatures and Certificate Authorities**
- **E-Payments, Funds Transfers, Smart Cards**
- **Taxation and Tariffs**
- **Privacy and Data Protection**
- **Encryption and Export Regulations**

# ICT POLICIES & LAWS



- **Consumer Protection, Advertising (Truth, Fraud, Content)**
- **Securities (Trading, Web Sites, Fraud)**
- **Content and Protection of Children**
- **Intellectual Property (Patents, Trademarks, Copyright)**
- **Jurisdiction (Contracts, Consumers, Cybercrime, Content, Tax)**
- **Fraud, Computer Crime**

# CYBERCRIME POLICIES & LAWS



- Pen Register and Trap and Trace
- Computer Fraud and Abuse, Economic Espionage
- Wiretap and Electronic Communications Privacy
- Special Protections for Critical Infrastructure
- Use of Telecommunications Device for Harassment/Other
- ISACs - Information Sharing & Analysis Centers & FOIA
- Mutual Legal Assistance Treaties & Letters Rogatory
- Jurisdiction
- Council of Europe Cybercrime Convention

# MACRO FACTORS FOR AN **IT** ECONOMY:

## THE LUCKY 7



**Increase Investment Spending on **IT** as Share of GDP**

**E-engineer Corporations/Govts to Make Better Use of **IT**, Cut Costs**

**Open Financial Markets to Allow Funding of Innovation**

**Develop Venture Capital and IPO Markets to Foster Innovation**

**Encourage Small Businesses & Create Entrepreneurial Environment**

**Increase Pace of Deregulation**

**Adjust Monetary Policy - Raise Rates Only When Inflation Shows Up**

*Business Week, "The New Economy," January 31, 2000, pp.. 73-77.*

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# ICT OPERATIONS

## REQUIRE **CHANGES** TO LEGAL FRAMEWORK

Internet Companies and E-Commerce Require a Legal Framework That **Supports** These Operations and Provides for **Security** of Data and Networks

Offshore Data Processing Requires Information and Infrastructure Security Laws for a **Safe** Operating Environment and **Protection** of Data

## LATIN AMERICA & CARIBBEAN NEED ENTERPRISE APPROACH



- **Lowest Global Growth Rates for ICTs**
- **Scattered Initiatives are Wasting Money**
- **Policy Frameworks MUST Be Based on Business Case & Plan**
- **Countries Must Be in Charge of Their Own Destiny**

## **ENTERPRISE APPROACH:**

### **INTERDEPENDENCY OF COMPONENTS**



**Laws & Policies**

**Education**

**Connectivity & Access**

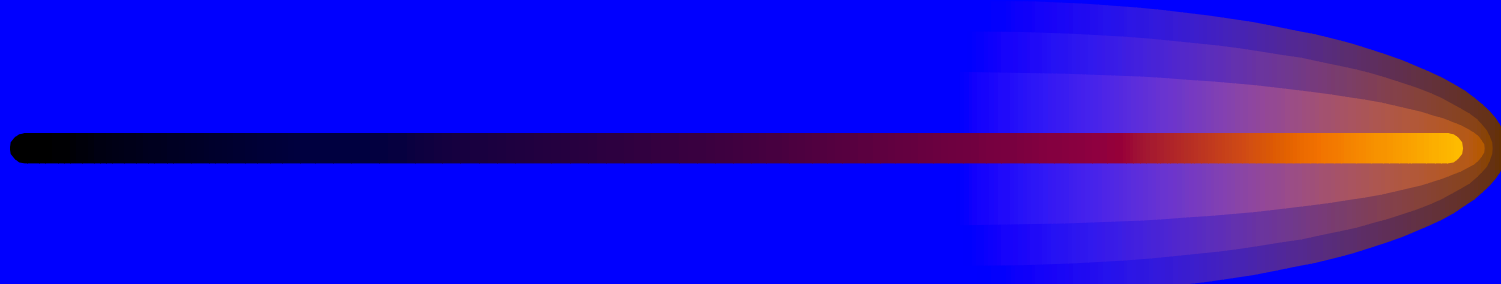
**Government Use of ICTs**

**Competitiveness & Private Sector Use of ICTs**

**Building an ICT Sector for Supply Side**

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# BUILD A BUSINESS CASE FOR SUPPLY SIDE OF ICTs



**Assessment & Analysis: What is a *Realistic* ICT Sector?**

**Develop Business Case & Plan**

**Prioritize**

**Laws/Policies Based on Business Case & Priorities**

# WHAT ICT WORK CAN WE SUPPORT?

- 
- **High-End Engineering, Chip Design, Complex Programming, R&D**
  - **Software Programming, Graphics**
  - **Data Storage, Remote Systems Administration**
  - **Data Bank Development**
  - **“Back Room” Data Processing**
  - **Customer Service Centers, Call Centers**
  - **OEM Assembly**

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## CAN WE DO IT?



- **Legal & Regulatory Framework**
- **Government Policy**
- **Infrastructure**
- **Domestic versus Foreign Investment**
- **Availability of Capital**

## WHO WILL DO THE WORK?



- **Workforce Skills & Intellectual Capital**
- **Workforce Availability & Location**
- **Educational Capacity – All Levels**
- **Requires Collaboration With Private Sector**
- **Onshore, Offshore, Distance Education**
- **Scholarships, Payments, Public Funded**
- **Long Term versus Short Term**

# WHERE WILL THEY WORK?



- **Government Facilities**
- **Private Facilities**
- **Location**

# WHY WILL THEY INVEST?

- 
- **Skilled Workforce & Labor Costs**
  - **Incentives, Government & Citizen Support**
  - **Infrastructure & Communication Costs**
  - **Business Environment, Transparency, Tariffs**
  - **Government Partnership (investment, R&D)**
  - **Time Zone, Language, Literacy, Geographic Proximity**

# WHAT ARE ECONOMIC COSTS & RETURNS?



- **Jobs, Put Money Into Economy**
- **Gained Revenue (Taxes, Fees) versus Cost of Incentives & Investment**
- **Increased Connectivity & Deployment of ICTs**
- **Increased Skill Level of Workers**
- **Attract Others?**
- **Cost of Business Development**

# WHO WILL BE THE CUSTOMER?



- **Private Sector**

**Internal Business Operations**

**Competitiveness of Existing Industry Sectors**

**Outsourced or Offshore Operations**

- **Public Sector**

# WHO ARE OUR COMPETITORS?



**180 Developing Countries Who Are:**

**Undertaking Policy Reforms**

**Working Competitiveness Plans**

**Developing National Plans**

**IS THERE THE DEMAND?**

## **POLICY & LEGAL FRAMEWORK BASED ON**

### **BUSINESS CASE & PRIORITIES**



- **Based on Core Competencies of Economy**
- **Capabilities of Nation**
- **Policy & Legal Not Just ICT Laws**
- **Must Be Public-Private Interaction**
- **Must Be Developed in Context of Global Legal Framework**

# DETERMINE WHAT LAWS NECESSARY



**ICT TOP SIX:**  
E-Transaction

E-Signature

E-Payment

Consumer Protection

Privacy & Data Protection

Cybercrime

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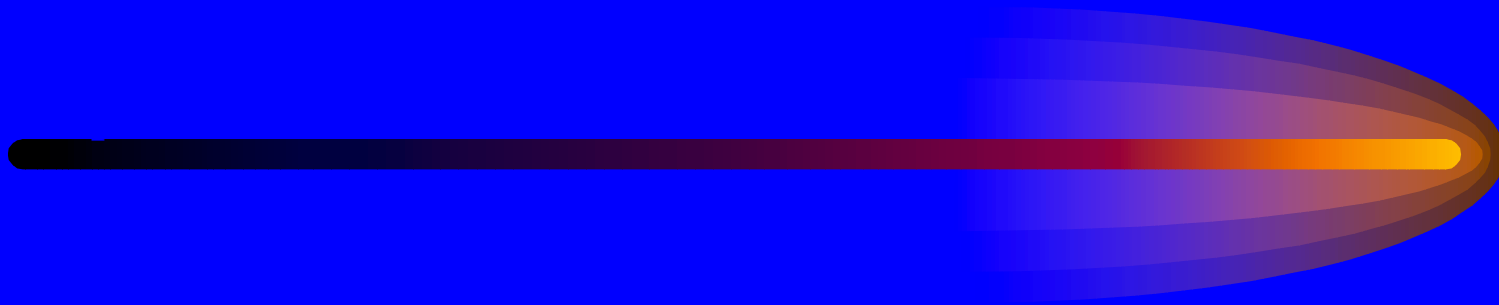
# IRELAND: CASE STUDY



- **1/3 of All U.S. Electronics Investment**
- **1/3 of All Europe's Bandwidth Capacity**
- **Unemployment 3.6% in 2001 (1994 - 17%)**
- **Largest Budget Surplus in EU - 4.3% of GDP Predicted 2001**
- **Bank Lending 5 Times EU Average**
- **2,400 Computer Science Graduates in 2000 (500 in 1996)**
- **Attracting & Keeping More Workers Than it is Losing**
- **Clear Government Debt by End of Decade**
- **SMEs Growing**

# IRELAND: LEGAL & POLICY CHANGES

- **Corporate Tax Rate 10%**
- **Cash Incentives Up to 45% of Investment**
- **Privatized PTT & Invested in Global Crossing Transatlantic Link**
- **Invested in Universities, Eased Immigration, Global Promotion**
- **Created Tech Stock Exchange**
- **Sought FDI, esp. E-Commerce, Investment, Venture Capital**
- **Supported SMEs and Encouraged Them to Use E-Commerce**
- **Promoted Development of Telecom Infrastructure**
- **Implemented e-Gov Initiatives**
- **Passed Favorable E-Commerce Bill**
- **Established Internet Trading Community Hub**
- **Cut Taxes and Increased Government Spending**
- **Promised MIT Investment of \$35 Million & Free Rent for 10 Years**
- **Launched \$2.5 Billion R&D Initiative**
- **Putting 1% of GDP in Public Pension Fund**



**THANK YOU!**

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