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**Electronic Commerce in the
APEC Region**

by Supriya Singh

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1. Introduction

Electronic Commerce is the subject of concerted government policy attention in the individual countries of the Asia-Pacific region and at the regional APEC¹ level. In official policy statements, electronic commerce is recognised as a global phenomenon that will grow in importance, with the potential to bring economic and social benefits to the region. This policy attention is also spurred by the fear that in an age of electronic commerce, an economy that is not globally connected will become smaller and more marginalised.

Electronic commerce is defined at three different levels. At the broadest level, electronic commerce is seen as *e-business*² and is defined so as to encompass business activities and processes that use computer and telecommunications networks. At this level, electronic commerce encompasses all online business services and activities.³ Promoting electronic commerce, therefore, becomes a succinct way of promoting online business services.

The narrower definition of electronic commerce includes only Internet and Electronic Data Interchange (EDI) enabled commerce. This definition separates the use of the more recent business communication channels like the Internet and EDI from traditional electronic channels such as the telephone and the facsimile which are now almost universally used in businesses in the United States, Canada, Europe, Australia, New Zealand and Japan.

The third definition sees electronic commerce as Internet commerce. It is at this level that electronic commerce provides global access to customers on open networks, thus revolutionising the way businesses communicate with customers. It is also at this level that important policy issues arise, dealing with consumer trust and protection

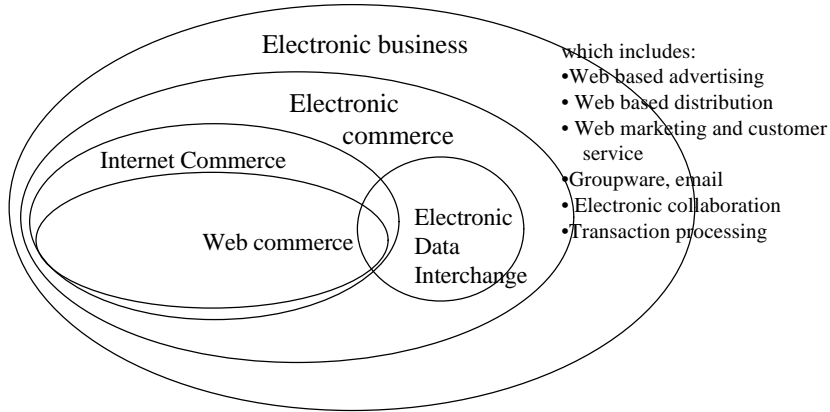
The different levels of the definition of electronic commerce are depicted in Figure 1.

¹ The Asia Pacific Economic Cooperation (APEC) forum includes 18 member economies - Australia, Brunei, Canada, Chile, China, China Hong Kong, Chinese Taipei, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Republic of Korea, Russia, Singapore, Thailand and United States. Peru, Russia and Vietnam's membership will formally begin in November 1998.

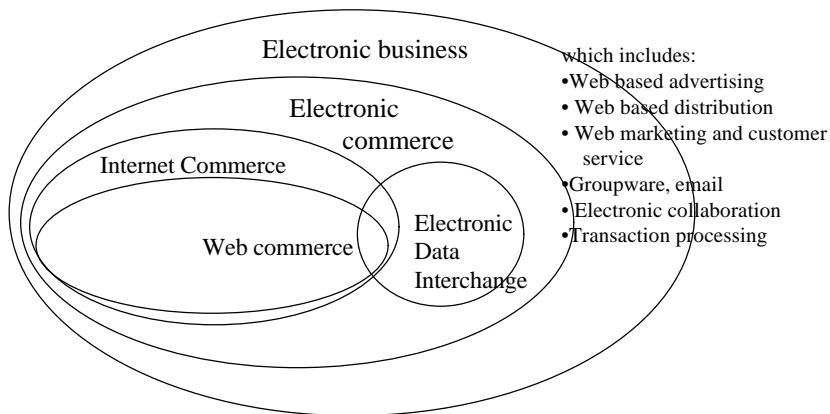
² See Antonelli, Michael, 1998, *Wired Asia Pacific*, Presentation to the APEC-PECC seminar on electronic commerce, Bandar Seri Begawan, Brunei, March 10, 1998, Cowan, Keith, C. *Electronic Commerce: Why do we need to do anything?* Presentation to the APEC-PECC seminar on electronic commerce, Bandar Seri Begawan, Brunei, March 10, 1998

³ See Commonwealth of Australia, 1997. *Putting Australia on the new silk road: The role of trade policy in advancing electronic commerce*. Canberra: Department of Foreign Affairs and Trade, pp 45-46;

Figure 1: Defining Electronic Commerce



Source: Cowan, Keith, C. 1998. *Electronic Commerce: Why do we need to do anything?* Presentation to the APEC-PECC Seminar on Electronic Commerce, Bandar Seri Begawan, Brunei, 10 March 1998 (Courtesy of Price Waterhouse).



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Policy initiatives are directed at each level of electronic commerce. The e-business level is the one most appropriate for discussing the way a business copes with new technologies. Internet commerce and EDI is relevant for discussing business-to-business relationships. Internet commerce is at the centre when the focus is on customers.

2. Policy Understandings

It is recognised at the individual member economy and the regional APEC level that:

- Electronic commerce has the potential to extend the range and accessibility of services available to citizens;
- Electronic commerce can improve the efficiency of governments, businesses and other organisations, enhancing the competitiveness of member economies;
- The business sector has a leading role to play in the promotion of electronic commerce;
- The business sector has a primary role in the setting of standards for electronic commerce;
- Governments are aiming to be leading-edge users of electronic commerce;
- It is important to promote electronic commerce in the small and medium enterprise (SME) sector so as to get the greatest economic benefit; and
- Government's role is to promote an environment that will allow electronic commerce to flourish by increasing awareness and consumer confidence.

Within these understandings, however, are great disparities in the access to and use of electronic commerce among the member economies. There are also differences in the cultural and social contexts of use. Although the potential benefits of electronic commerce are recognised, there remains an unease about the delivery, costs and limits of electronic commerce, particularly for developing countries in the APEC region.

3. APEC Projects

APEC has projects related to electronic commerce in the different working groups. Most of these were noted at the Senior Officials Meeting in Pulau Pinang, February 1998. The projects currently being discussed at APEC fall into five groups:

- Trials of new technologies and standards;
- Promoting awareness, training and use;
- Building consumer confidence and security in electronic commerce;
- Legal and regulatory issues; and
- Studies of usage.

The projects address a wide range of issues covering regulation, standards, technology and business practice. Although the concentration is on large organisations, small business is increasingly a focus of attention.

4. Gaps in APEC Policies and Projects

4.1 Need for Greater Attention to Social and Cultural Issues

APEC projects are valuable both in the subjects covered and the process that is involved in their initiation, implementation and evaluation. They reveal that APEC member economies are at present approaching electronic commerce primarily as an economic, technological, legal and regulatory issue. There is at present no examination of the social and cultural issues associated with electronic commerce.

The language used is that of economics and engineering. This language has been useful for dialogue between government and business. The challenge is to also include the language of culture, communication and meaning. If the potential of electronic commerce is fulfilled, the more far-reaching impact will be that it will change the way people act and communicate in their daily lives.

APEC is well placed to examine the cultural issues of communication, business and the use of online services within its member economies. Issues of cross-cultural communication will be at the centre of electronic commerce as business becomes more global in its orientation and reach. At APEC, the business and technology focus needs to be complemented by greater attention to the social and cultural meanings of the use of electronic commerce.

4.2 A Need for a Greater Consumer Focus

It is assumed that electronic commerce is going to change the way people live in the member economies of APEC. Yet APEC policy and projects focus nearly exclusively on the use of electronic commerce by government organisations and business. A number of projects dealing with standards, security, legal and regulation are directed at building consumer confidence, however only one APEC project explicitly tests how consumer confidence can be engendered. This is the Japanese Cybernet/INGECEP (Integrated Next Generation Electronic Commerce Environment Project) which involves marketing of products to 2000 consumers in Japan to test issues relating to methods of payment, transportation and tracking of products.

The APEC policy process is also geared heavily towards government and industry. Small business is being targeted, although as yet is unrepresented. It must be explicitly recognised that effective policy can only be formulated if the consumer perspective is considered.

4.3 Monitoring the Effective Use of Electronic Commerce

There is an urgent need to understand how residential consumers in the different member economies effectively use online communication channels to communicate and buy goods and services. This understanding requires benchmark studies of present ways of communication, payment and purchase. It is also necessary to study the factors that users identify as contributing to the effective use of electronic commerce. This will enable APEC to monitor developments in electronic commerce across its member economies.

Such comparative data and understandings are at present unavailable.

5. An Action Plan

A consideration of the gaps in APEC policy orientation and projects suggests the need to:

- Ensure that the economic and technological approach in policy formulation and projects is complemented by appropriate social and cultural understandings;
- Fund the participation of consumer representatives;
- Establish a comprehensive database on access to and the use of electronic commerce by business, government and residential consumers in the different member economies of APEC;
- Explore criteria to judge the effectiveness of electronic commerce for user and provider groups in the different member economies;
- Understand the use of electronic and non-electronic forms of payment in the different APEC member economies and its impact on the use of electronic commerce;
- Study how social and cultural factors influence consumer trust in electronic commerce across the member economies; and
- Study the influence of different domestic patterns of money management and control on the use of electronic commerce.

Some of these issues are already beginning to be addressed. The 17th Telecommunications Working Group has proposed that work begin on a comprehensive database of the use of electronic commerce. It is also hoped that by the end of the year a survey of SME use of electronic commerce will be completed. The 17th Telecommunications Working Group also proposed that the APEC dialogue widen to include consumer groups. These moves will go far to address some of the present gaps in the consideration of economic commerce in the region.

About the Author

Dr Supriya Singh is a Principal Research Fellow at CIRCIT. She holds a Ph.D in Sociology and Anthropology from La Trobe University. She was awarded the Jean Martin Award by the Australian Sociological Association for the best Social Science thesis in Australia for 1993-95. The thesis has been published by Allen and Unwin in 1997 as *Marriage Money: The Social Shaping of Money in Marriage and Banking*. This follows her previous books on banking history in Malaysia and Australia, *Bank Negara Malaysia: The First 25 Years, 1959-1984* (Bank Negara Malaysia: 1984) and *The Bankers* (Allen and Unwin: 1991) and a study of Simunul Bajaus in Borneo, *On the Sulu Sea* (Angsana Publications: 1984).

At CIRCIT, she heads the research programme *Understanding the Use of Information and Communication Technologies* and is developing CIRCIT's *Money across Cultures* programme. Dr Singh was invited in 1996, 1997 and 1998 to present her research at the Telecommunications Policy Research Conference in Maryland, USA; at Princeton University's Department of Sociology Workshop on Economic Sociology; at the Center for International Affairs, Harvard University; and at the Pacific Telecommunications Conference, Hawaii.

Since 1993, Dr Singh has represented consumers on the Australian Payments System Council which advises the Federal Treasurer about developments in the payments system. In 1997, she was also invited by the Australian Taxation Office to be part of a consultative group on Electronic Commerce.