

**UNCTAD REGIONAL CONFERENCE**  
**ICT STRATEGIES FOR COMPETITIVENESS AND DEVELOPMENT:**  
**Promoting e-business, trade facilitation and logistics**  
**in Latin America and the Caribbean**  
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**Chairman's summary of the thematic sessions**

Competitiveness is more and more dependent on the deployment and application of ICT. Therefore, the development of national ICT strategies and regional cooperation to overcome the digital divide are crucial. Digital inclusion, besides being a fundamental instrument to achieve the overall objective of enhancing competitiveness, is also an important political objective. ICT have therefore been put up high on the political agenda in many countries. Policies implemented in this area cover a broad range of subjects, including education, infrastructure, trade, legal aspects, transport and logistics.

National e-strategies must have a clear strategic vision, well-formulated policies or an action plan, and implementation and monitoring mechanisms. ICT strategies require a regular evaluation and readjusting through a well-defined monitoring process.

Factors influencing the development of the information society are both external, such as the overall macroeconomic environment, political stability, level of awareness in the country, and internal, such as what priorities are given to which issues (e.g. access, e-government), resources, financing mechanisms, and internal hierarchies. Finally, national ICT strategies must include close collaboration among public and non-public stakeholders.

The adoption of ICT by the business sector is at the centre of the information society and economy. In our region, the large majority of enterprises are SMEs, which need assistance in using the new technologies in their business operations and client interaction. The meeting therefore paid much attention to the topic of digital inclusion for enterprises.

To this end, it is important to identify first the needs of SMEs. The main reason for SMEs to engage in e-business is to increase profits. Consequently, programmes in this area must address the practical needs of SMEs, including their integration in the supply chain of

large corporations. The Internet can also provide a useful tool for SMEs seeking export opportunities.

Organizations that assist SMEs to engage in e-business have experienced positive outcomes when certain preconditions have been met. For example, while the Internet can be successfully used to find new business partners and to match small and large enterprises, in some cases physical contact remains important for the final business closure. Hence, online and offline tools can complement each other to enhance business opportunities and to include SMEs in the global economy.

Telecentres or similar ICT community centres can be useful tools for providing not only access to ICTs but also business services to SMEs and microenterprises. These services can include trade and business information, capacity building for managers and employees, online access to public services and the provision of microcredit. In order to successfully implement these services, other partners and stakeholders need to be involved, such as small business associations and promotion agencies, banks, universities, telecommunication companies, local community offices and various federal agencies. Existing public networks, such as postal offices, can be leveraged to enhance access for SMEs to e-commerce and related logistics services both for domestic and export sales.

The importance of free and open source software (FOSS) as an instrument to promote the access of citizens and enterprises to ICT lies not only in the large savings that it generates, but also in the fact that FOSS represents a change of paradigm in the development and diffusion of ICT which opens new possibilities to all countries. FOSS underpins a model of shared development that results in shared knowledge and thus accelerates the rate of technological advancement in developing countries. Experiences of enterprises and governments of Latin America and of other regions were presented confirming the capacity of FOSS to respond to the needs of the most demanding users and to deliver high-quality products. Furthermore, it was argued that the adoption of FOSS can contribute to the achievement of strategic objectives in terms of reducing the amount of royalties paid to foreign suppliers, enhancing security and reliability, ensuring the preservation of public information, achieving greater interoperability and adaptability, removing lock-in effects in the choice of ICT providers, and stimulating the development of national ICT skills and capacities.

For software producers, FOSS is growing more and more important as business models based on the sales of software services become more frequent. These business models also place the smaller software producers that predominate in Latin America and the Caribbean in a better competitive position. However, the increased use of FOSS will require both planning within a medium and long-term time horizon and awareness-raising efforts both in the public and the private sector.

In order to promote e-business, human capacity building is essential, in particular for the large number of SMEs in the Latin American and Caribbean region. ICT offer a number of interesting export opportunities in human resources intensive sectors, such as tourism, the cultural industry, professional services or ICT enabled services. Policies that foster not only ICT skills but enhance literacy and education in general, will support a higher involvement of the region in these sectors. Such policies could include formal tertiary education and vocational training for technologies and engineers as well as social science related disciplines for e-business ventures. An important aspect is to make sure that equal access to business and training opportunities for both men and women is ensured.

In order to provide the necessary financial resources to SMEs wishing to engage in e-business, it is important to integrate the financial sector properly in national e-strategies and policies. Greater availability of e-payment systems is also of great importance.

The creation of a legal and regulatory framework that generates trust among enterprises and citizens was recognized as a fundamental requirement for the effectiveness of ICT strategies for development in the region. The creation of trust includes aspects such as the legislative changes to accommodate e-business (for example, the recognition of digital signatures and electronic contracts), but beyond this, the creation of trust in e-business is a challenge that refers to multiple aspects of the development of the Internet: problems such as spam, privacy and data protection, consumer protection, cybercrime, are all to be addressed. Cooperation and coordination in enforcement both domestically and internationally, and public awareness about security issues are other crucial elements in building confidence in e-business.

The challenges facing Latin America and the Caribbean in the area of legal and regulatory frameworks are not peculiar to this region. The need to adopt a holistic approach to promote trust, the problems caused by a growing trend of fragmentation as ad hoc solutions are adopted for specific issues in different countries and the new non-tariff barriers to trade that can result from them are common to all regions of the world. In this context it was suggested that a regional approach to the development and implementation of common responses to e-business legal and security issues could deliver useful results. The importance of accommodating e-business tools and practices in several United Nations conventions was also stressed.

Transport and logistics services are increasingly important elements of determining the competitiveness of foreign trade of countries of Latin America and the Caribbean. Improved market access through negotiated tariff cuts will benefit traders only if adequate transport and logistics services are available, and international transport costs on their own tend to be far higher for Latin American exports than the importing countries' customs duties. National and international policies should therefore be geared to improve access by the trading community of the region to such services.

Transport and logistics infrastructure and services are essential prerequisites to advance regional integration. At the same time, regional integration is an important factor in improving overall international connectivity. Governments of the countries of Latin America and the Caribbean actively pursue integration efforts through transport infrastructure investments and facilitation policies. The development of the IIRSA programme is witness of these endeavours.

A new initiative, NAP LA, seeks to develop an international Internet exchange based in Latin America that would speed up access, retain content within the region and provide business opportunities. A number of issues remain to be resolved, including those of competition and economies of scale.

It is necessary to pursue policies aimed at improving infrastructure and networks and, at the same time, seek soft solutions to improve infrastructure utilization and service qualities.

The latter approach involves managerial improvements and systematic application of facilitation tools using ICT, including through the creation of international service zones. The application of such soft solutions and the creation of a knowledge infrastructure are key elements in the region's efforts to increase the efficiency of transport and logistics services and, hence, the competitiveness of its foreign trade. Being part of transport and information networks within globalized production processes requires the use of common standards and technologies.

The door-to-door movement of goods with multiple operators and administrations results in information flows that are much more complex than the physical flow of goods. The development of port logistics community systems under multiple ownership are a proven means of coordinating the flow of cargo and thus making significant improvements in the productivity of transport services. Similarly, computerized operational packages for terminals and transport operators, such as the ACIS programme of UNCTAD, have been beneficial to improve productivity but require extensive training of staff. The ability to exchange information within the community and along the supply chain is made possible through the use of community and international standards and facilitated by the Internet. The development of these community systems takes time in order to define specific needs and to build trust amongst the various stakeholders.

ICT will play a major role in achieving a higher degree of security and in ensuring compliance with national and international requirements and regulations. Shippers and transport providers in the region will need assistance to comply with recent security requirements, be they mandatory or voluntary in nature. This particularly applies to those shippers who may have to reroute cargo through major ports thus increasing the delivery cost of goods. The implementation of security measures needs to avoid disrupting trade.

On the question of cargo theft, there was clearly a need for Government authorities to take action to improve the security of cargo along supply chains to reduce this multi-billion dollar cost to trade.

There is, however, also a need for financial and technical assistance to ensure that traders and transport service providers be put in a situation not only to adhere to security provisions but also to draw long-term benefits inherent in the system.

Reducing the lead time in international trade is crucial to be competitive. The largest component of this lead time tends to be related to the importing procedures, including Customs.

Improvement of risk management practices in customs using ICT tools - such as the ASYCUDA programme of UNCTAD - is one of the central elements not only of improving supply chain security but also of facilitating customs passage and improving customs revenue collection. Strategies need to be developed to enable customs to undertake risk analysis aimed at the same time at detecting security threats and customs irregularities.

One suggestion to possibly encourage trade facilitation in relation to Customs might be to transfer Customs Administration from the ministries in charge of finance to the ministries in charge of trade. A regional initiative for paperless Customs would also be beneficial. Another suggestion concerned the creation of public private facilitation partnerships on the national level.

The necessary legal framework for ICT in trade facilitation mainly concerns the acceptance of electronic documents and of electronic signatures. The latter in particular has been found to be difficult to achieve given existing legal systems in Latin American countries.