

Trade Point Review

September 1998

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Abbreviations

CIETNet	China International Electronic Trade Network
CNTPDC	China National Trade Point Development Centre
EDI	electronic data interchange
EDIFACT	electronic data interchange for administration, commerce and transport
ETO	electronic trading opportunity
GATT	General Agreement on Tariffs and Trade
GTPNet	Global Trade Point Network
ISOC	Internet Society
ITC	International Trade Centre UNCTAD/WTO
ITU	International Telecommunication Union
OECD	Organisation for Economic Co-operation and Development
SEAL-I	Secure Electronic Authenticated Link – Infrastructure
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNISTE	United Nations International Symposium on Trade Efficiency
UNTPDC	United Nations Trade Point Development Centre
WTO	World Trade Organization

By courtesy to the city of Lyon hosting the Conference "Partnerships for Development" and the Fifth World Trade Point Meeting from 9 to 13 November 1998, this document has also been produced in french.

Foreword – Practice and Partnership

The experience of Trade Points is more and more frequently used as a point of reference in the area of electronic commerce. Over its six years of existence, UNCTAD's Trade Point Programme has helped an increasing number of countries and enterprises to become more aware of the nature, benefits – and sometimes dangers – and requirements of electronic commerce.

Like its main vehicle, the Internet, electronic commerce does not have a predetermined shape or appearance: it will be what we want it to be. Electronic commerce can be a place where the errors and limitations of the past will not be repeated, a place in which competition among players starts on a fairer basis, and a place where approaches to maximize collective gains transcend individual strategies. But it can also be a place in which practice over the rules, and a place where the strongest can impose their views (and sometimes their rules) on weaker, smaller or less experienced players. What will determine which of these two worlds comes into being can be summed up in one word: practice.

Indeed, it is practice which will make the difference between the electronic commerce “insiders” and “outsiders”. It is practice which will allow smaller players to identify the prerequisites (access, training), the bottlenecks (equipment, connectivity, tariffication) and the specific conditions which will affect the participation of their respective nations and enterprises in electronic commerce. In this respect, the experience of Trade Points has no known equivalent.

It is expected that Trade Points and the Global Trade Point Network will be the centre of attention in the coming months, as the work of the Organisation for Economic Co-operation and Development, the World Trade Organisation and others gathers momentum in the area of electronic commerce. UNCTAD will not be letting up in its efforts either. The first Partners for Development meeting, to be held in Lyon, France, from 9 to 12 November 1998, will offer a unique opportunity to establish a strong link between practice on one hand and partnership on the other: the latter part of 1998 should see the beginning of a new stage of development for the Trade Point Programme, in which civil society as a whole will be mobilized behind the objectives of trade efficiency and secure global electronic commerce.

Clearly, the electronic commerce component of the Lyon meeting (Global Electronic Trade UN Partnership – GET UP) and the Fifth World Trade Point Meeting which will be organized on the same occasion will be two of the main pillars of this new phase in trade development.

Bruno Lanvin

World Coordinator of the Trade Point Programme

Chapter 1: Electronic Commerce and Trade Points

During the twelve months which have elapsed between the publication of this issue of the Trade Point Review and the preceding one, much has happened on the electronic commerce front, and, consequently, the Trade Point front. Indeed, in more than one respect, 1997–1998 will be remembered as a milestone period in the emergence of truly global electronic commerce. Many signs indicate, however, that the coming months are likely to be as intense in this sector as the past twelve months have seen, and questions abound. What has happened since last year? How has it affected the activity and objectives of Trade Points? What is coming next, both for electronic commerce and for the Global Trade Point Network?

1997–1998 : A busy year for electronic commerce

Several key international meetings have taken place recently, all of them underlying how electronic commerce has become a key policy issue on the international agenda.

- In October 1997, under the auspices of the Organization for Economic Co-operation and Development (OECD), the authorities of Finland hosted a major meeting on “Dismantling the barriers to global electronic commerce” in the city of Turku.
- In May 1998, at the Ministerial Meeting of the World Trade Organization (WTO) – which coincided with the celebration of the fiftieth anniversary of the General Agreement on Tariffs and Trade (GATT) – a large number of heads of State and ministers gathered in Geneva. Electronic commerce was an important item in the Ministerial Declaration, which stated in particular the objective of maintaining Internet-based electronic commerce as a “duty - free zone”.
- Also this year, at least two international organizations devoted priority attention to electronic commerce, namely the International Telecommunications Union (ITU), which organized Africa Telecom in Johannesburg, South Africa, in May, and the Internet Society (ISOC), which held its yearly meeting (INET 98) in Geneva last July.

As a result, practical proposals are now on the table, either for discussions or for negotiation.¹ In all of the meetings mentioned (either in the course of preparatory discussions or during the discussions themselves), the experience of Trade Points has been used as a reference and as a source of expertise for the possible expansion of electronic commerce to developing countries and, more generally, to small and medium-sized enterprises.

Correspondingly, the past twelve months have also seen intense activity on the part of UNCTAD and its Trade Point Programme. Among the highlights of this period, two are likely to have a significant impact on future Trade Point activities, namely, the Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency (Geneva, September 1997) (see box 1) and the Expert Meeting on Capacity-Building in the Area of Electronic Commerce: Human

¹ These proposals are described and compared in documents TD/B/COM.3/16 and TD/B/COM.3/17, prepared for the third session of the Commission on Enterprise, Business Facilitation and Development (Geneva, 23 – 27 November 1998).

Resource Development (Geneva, June 1998) (see box 2).

1998–1999: Objectives and expectations

The coming months will not see any decrease in the attention and activity devoted to electronic commerce.

- The work under way in WTO will now be consolidated in view of a possible declaration to be adopted at the end of the 1999 ministerial meeting. The fact that this meeting will take place in the United States of America (still the main promoter of a global agenda for electronic commerce) will certainly generate additional interest for issues related to electronic commerce.
- As announced in Turku last year, the OECD will hold a ministerial meeting in Ottawa, Canada, from 7 to 9 October 1998: under the title "A Borderless World – Realizing the Potential of Global Electronic Commerce", this conference is expected to bring together many key players of electronic commerce, including Governments, international organizations and private enterprises.
- As it does every four years, ITU will be holding its plenipotentiary conference, immediately after the OECD ministerial meeting. Due to take place in Minneapolis (United States), this meeting will not only focus on the election of ITU's top five officials, but also on ITU's priorities for the five years to come. No doubt, issues related to electronic commerce will feature prominently in Minneapolis, as they will in Geneva for the Telecom 2000 event.
- UNCTAD, for its part, will be devoting significant energy to preparing the first Partners for Development meeting (to be held in Lyon, France, from 9 to 12 November 1998). The various sessions of the meeting's electronic commerce track (Global Electronic Trade UN Partnership – GET UP), together with the Fifth World Trade Point Meeting, will undoubtedly contribute to making the Lyon meeting a key element on the calendar of international events relating to electronic commerce. An important preparatory meeting before Lyon will be the Cairo regional workshop on electronic commerce, organized by UNCTAD and the Egyptian Government, to be held from 26 to 28 September 1998.

Other important activities related to UNCTAD's Trade Point Programme will include the third session of the Commission on Enterprise, Business Facilitation and Development, to be held from 23 to 27 November 1998, and the first external evaluation of the Trade Point Programme, expected from Price Waterhouse - Coopers later this year.

As a result, UNCTAD should be well-prepared for a world in which increased attention will be devoted to the Trade Point Programme and the GTPNet. This is likely to be a world in which more demands will be made by Governments, Trade Points themselves, and Trade Point clients. In a context of limited resources (both financial and human), such demands may lead to difficult choices, both from a management and a strategic point of view. These will be addressed in chapter 4.

Chapter 2: A Survey of Trade Points and the Global Trade Point Network

The Trade Point Programme was launched in 1992 with the objective of assisting small and medium-sized companies in participating more effectively in international trade by reducing transaction costs and providing access to the most recent information technologies. The pilot phase initiated at UNCTAD VIII in Cartagena de los Indios, Colombia, consisted of the creation of 16 Trade Points. The initiative rapidly gained momentum and in 1994, when the United Nations International Symposium on Trade Efficiency met in Columbus, Ohio, there were already over 50 Trade Points worldwide which were then interconnected in the Global Trade Point Network (GTPNet). By the time of UNCTAD IX, held in Midrand, South Africa, in 1996, the system had expanded further to encompass over 100 Trade Points. As at the beginning of September 1998, prior to the convening of the Partners for Development meeting, a total of 149 Trade Points (distributed across 89 countries) had been set up or were in the process of being established. In addition, a further 31 countries have requested the setting up of a Trade Point, thus bringing the total number of countries involved in the Programme to 120.

2.1 The current status of Trade Points

In the course of their development, Trade points go through three successive stages, namely:

Feasibility stage: UNCTAD receives an official request from the Government and a Trade Point Coordinator in the country is appointed;

Development stage: The Trade Point is established as a legal entity and its business plan is submitted to UNCTAD;

Operational stage: The Trade Point starts to offer full services as laid down in the business plan submitted earlier and in accordance with the standards of the Trade Point Programme.

As at the beginning of September 1988, 44 Trade Points had reached the operational phase, 21 Trade Points were in the process of being established as legal and operational entities (i.e. they were in the development stage), while the remaining 84 were still in the feasibility stage. The general progress achieved by Trade Points can be documented by the transition of both new and old Trade Points to a higher level of development.

In this context, as a result of the 17 new government requests received by UNCTAD since August 1997, 14 Trade Points are already in the feasibility stage, six in Eastern European countries, five in Latin American, two in Asia and one in western Europe (Brussels); two have reached the development stage (Goiânia in Brazil and Seoul(KOTRA) in the Republic of Korea) and one has become fully operational (Manaus, also in Brazil).

At the same time 12 already existing Trade Points attained a higher stage of development; five of them (including three least developed countries) were from Africa. Five earlier government requests reached the feasibility stage and five Trade Points graduated from the feasibility to the development stage. Two Brazilian Trade Points even passed from the feasibility to the operational stage within one year of activity.

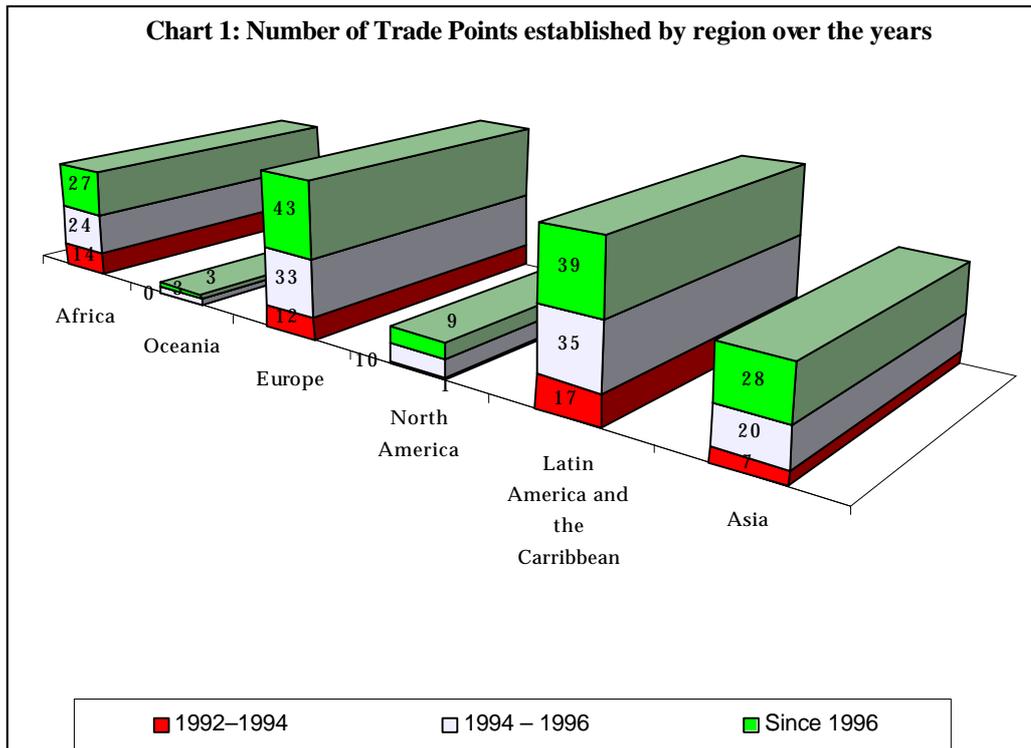
On the other hand, some Trade Points experienced problems. Four of them ceased their activity under the Trade Point Programme and two were reclassified at a lower stage of development. These cases were mostly found in developed countries, where there are sometimes problems in linking the concept of financial self-sustainability with non-profit-making status.

TRADE POINT MAP

31 August 1998

2.2 Geographical distribution of Trade Points

The majority of Trade Points (115 out of 149) are located in developing countries, 16 of which are LDCs (Bangladesh, Benin, Burkina Faso, Cape Verde, Eritrea, Ethiopia, the Gambia, Guinea- Bissau, Maldives, Mali, Mauritania, Mozambique, Sao Tome and Principe, Uganda, the United Republic of Tanzania and Zambia). Moreover, all but one of the 35 pending government requests for Trade Points have come from the developing world. Of the 115 Trade Points in developing countries, 39 are in Latin America and the Caribbean, 27 in Africa, 25 in Asia, 23 in Eastern and Central Europe and one in Oceania. The remaining 34 Trade Points are located in developed countries (20 in Europe, 9 in North America, 3 in Asia and 2 in Oceania).



Source: UNCTAD

This distribution of Trade Points among developing and developed countries, as well as in the geographical regions (see chart 1), puts the Programme in a good position to enhance global trade, and to serve as an unique tool for broadening the emerging opportunities related to electronic commerce. Advantage can be taken of the high level of participation of developing countries in the Programme to help them to adapt their requests and offers to the needs of world trade.

2.3 Survey of Trade Point statutes

UNCTAD has received many requests for information and advice from both Governments and the private sector on the setting up of Trade Points, particularly on their legal framework. In response to this demand, a study is being prepared that will analyse the most important elements of the 44 Trade Point statutes already adopted, which have been received by UNCTAD, and guidelines will be prepared on the legal framework for Trade Points. The report containing both the analysis and guidelines will be

published before the end of 1998.

Among a number of subjects that will be dealt with in the study, one has already been analysed, namely the formulation of Trade Point objectives through which the role of Trade Points and their fields of activity are defined. The following broad formulation of the two main objectives of Trade Points is contained in the UNCTAD secretariat document entitled "Criteria for the establishment and operation of Trade Points" (TD/B/EX(8)/L.4) : *Trade Points are set up as part of the Trade Efficiency initiative launched by UNCTAD VIII, to foster greater participation in international trade, in particular of small and medium-sized enterprises, giving special attention to least developed countries and other countries less advanced in the area of trade efficiency. The reduction of transaction costs in international trade is another important aim of Trade Points.*

Individual Trade Points reflect these objectives in their own statutes in a way that corresponds to the particular country context and the focus of their activities. Despite the differences in formulation, the emphasis in all the statutes remains broadly on the promotion of trade and the reduction of transaction costs.

Promotion of trade (*often targeted at small and medium-sized enterprises*)

This objective is reflected in different ways in the statutes, for example in terms of assistance to clients in the identification of new markets in the framework of the promotion of international, but sometimes also regional (in the case of Latin American Trade Points) or national trade. In Africa, mention is often made of the target group of new participants, while in the Caribbean region mention is made of encouraging new participants in international trade, particularly by small and medium-sized enterprises. Some statutes include as objectives the provision of expertise required for the conduct of international trade, in terms of the marketing of products and services, and the provision of trade-related information.

Reduction of transaction costs (*through the promotion of better business practices and the use of modern information and telecommunications technologies*)

In some Trade Point statutes, there is mention of a specific objective concerning the improvement of business practices. In addition, since the use of advanced information and telecommunications technologies is considered a paramount tool for reducing trade-related costs, and since it is envisaged that Trade Points will gradually become involved in electronic commerce, specific references to these issues can be found in most Trade Point statutes. Some of them refer to the latest technology in relation to offering trade information services via the Internet, contributing to the improvement of the technological infrastructure in their countries or promoting the electronic exchange of trade information at the international level. Others, including Trade Points situated in Africa, declare their intention to promote the use of information technology and automate international trade procedures. The objectives also include use of the GTPNet or support for internationally agreed conventions in the area of telecommunications.

The fact that the use of advanced telecommunications and information technologies is featured in the statutes of practically all Trade Points proves that they are well aware of the importance of these technologies for reducing trade costs and enhancing both their own and their clients' competitiveness.

2.4 Institutionalized cooperation among Trade Points

2. 4. 1 An international Trade Point federation

In the development of the Trade Point Programme, considerable attention was devoted to networking and cooperation among individual Trade Points, which was considered one of the essential ingredients for the success of the project. In this context, the creation of an international federation associating Trade Points was envisaged which would provide its members with guidelines and assistance, coordinate their activities worldwide and facilitate the legal protection of the Trade Point name and logo.

In response to a request by the member States of UNCTAD (in the decision TD/B/EX(8)/L.2 adopted by the Trade and Development Board on 29 June 1995), the UNCTAD secretariat prepared the draft statutes of an international Trade Point federation, profiling the federation as a not-for-profit non-governmental organization affiliated with UNCTAD. The following main activities were suggested:

- To establish and maintain a list of member Trade Points;
- To coordinate the activities and to encourage mutual assistance and cooperation among Trade Points;
- To adopt common policies and recommendations for Trade Points;
- To represent the interests of Trade Points in respect of Governments, international organizations and the private sector, including negotiations on behalf and to the benefit of its members (e.g. for joint purchases of technology);
- To provide technical assistance and training to the Trade Points in need.

It was suggested that during the first three years following the establishment of such a federation, secretariat services would be provided by UNCTAD.

Although the idea of creating an international body federating the Trade Points met with a lot of interest and support, particularly from Governments, reservations were also voiced, resulting to a great extent from the level of development of Trade Points at the time (many were still only in the process of establishment); priorities were perceived differently and possible financial constraints were identified. For these reasons, and after long discussions during 1995 and 1996, it was thought that the proposal to establish a federation may have been premature and that, a bottom –up approach might be more appropriate than a top – down one. This conclusion seems to have been borne out by the fact that the focus of institutionalized cooperation has subsequently shifted to the regional level.

2. 4. 2 Regional forums

The proposed draft statutes for an international Trade Point federation included a provision for the creation of regional Trade Point organizations, or forums. After the difficulties encountered in relation to a formal organization at a worldwide level, regional cooperation appeared to be more feasible and desirable to the Trade Points themselves, especially since countries within one region often have more intense economic links and hence their Trade Points are more interested in cooperating closely with their neighbours rather than with Trade Points on the other side of the world. As a result, there has been a transition in the regions from looser cooperation in the form of regional meetings to the creation of formal structures associating the Trade Points in particular regions.

The Americas

Interest in regional cooperation has proved particularly strong in the Americas, where, moreover, there is the highest concentration of operational Trade Points which are not only in a position to cooperate on an equal footing with other Trade Points, but are also able to assist newcomers. At the Fourth Inter-American Trade Point Meeting, held in Lima from 26 to 28 November 1996, Trade Point representatives from North, Central and South America and the Caribbean founded the Inter-American Trade Point Forum, the first of its kind in the world. The Forum meets annually and its membership includes all the Trade Points from the region. The next meeting is scheduled to take place before the end of 1998 in La Plata, Argentina.

The main tasks of the Forum basically correspond to those envisaged earlier for a federation, but they are conducted at a regional level. In addition, the Forum intends to disseminate among its members information on United Nations rules and practices in the area of trade, and on the possibilities for Trade Points to receive support from national and international entities. The main thrust of the practical activities of the Forum has so far been on technical assistance and training. The area in which cooperation has advanced the most is the exchange of information and trading opportunities.

Africa

Similar initiatives to those in the Americas have been taking place in Africa, where Trade Points from two sub – regions have met to discuss closer cooperation.

Trade Points in French- and Portuguese-speaking African countries gathered for their first regional meeting from 7 to 8 July 1997 in Dakar. In the course of the meeting, the creation of a Trade Point forum was agreed upon and its proposed statutes examined in great detail. A carefully thought-out proposal was also adopted with regard to areas in which cooperation should be strengthened among the Trade Points in the region. The following areas were identified as priorities: training, the exchange of experts and sharing of experience, cooperation in management, the exchange of information, mutual promotion, technical cooperation and the formulation of a common policy strategy. The statutes of the forum are in the process of being formally adopted.

In eastern and southern Africa, Trade Points have met three times in the past two years, with the objective of examining ways to enhance mutual collaboration. The idea of setting up a formal structure in the form of a regional Trade Point forum was widely accepted, but a final agreement on the text of the statutes has yet to be reached and the discussion should be pursued further during the next regional Trade Point meeting, to be held in conjunction with the Fifth World Trade Point Meeting in Lyon in November 1998.

Progress towards the creation of a Trade Point forum in eastern and southern Africa was hampered by the fact that very few Trade Points in the region already provide services; the majority are still attempting to define themselves as Trade Points and map out their future activities. For this reason, there is a particular need in the region for the more advanced Trade Points to provide assistance to the newly established ones, in the form of staff-exchange programmes, study tours, contacts at the managerial level, and periodic meetings or workshops. In the initial stages, the focus of cooperation will be on the information component of the Trade Point. Therefore, practical action has been agreed upon in terms of exchanging information among the participating Trade Points and gathering information to be made available through their web pages.

2.5 The GTPNet and the electronic trading opportunity system

The GTPNet, launched in 1994, is a worldwide Internet-based network of Trade Points and subscribers to the electronic trading opportunity (ETO) system, currently emerging as one of the main networks in the world for trade-related information flows. It specializes in providing country-specific trade-related information and facilitating the exchange of ETOs.

The bulk of trade-related information posted on the GTPNet² originates from Trade Points themselves, or is made available through hyperlinks to national information providers in individual countries. Trade Points³ use the GTPNet as a means of collecting in one place all the information available on a country that may be of importance to international traders. They produce home pages which contain basic country data, trade statistics and regulations, investment profiles, information on electronic commerce, etc. They also provide details of the major trade events (e.g. fairs, exhibitions, seminars) taking place in the country. More and more of them are using the GTPNet to post company data and electronic product catalogues, which give many small and medium-sized companies unprecedented international exposure.

The ETO system was started by the United Nations Trade Point Development Centre in June 1993.⁴ As the same suggests, ETOs are offers and demands from prospective traders for products, services and investment. They are forwarded to the system by Trade Points and third-party information providers and then instantaneously distributed via an e-mail central switch to subscribers worldwide. An average of 200 ETOs are disseminated daily to over 10,000 subscribers. Since they are further distributed in individual countries, including through paper-based media, it is estimated that every day they reach over seven million companies around the world.

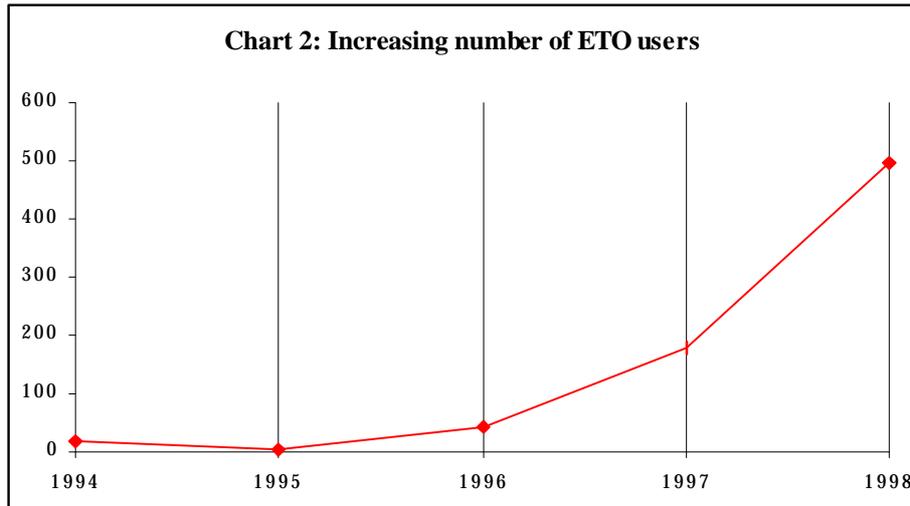
² <http://www.untpdc.org>

³ <http://www.untpcd.org/untpdc/gtpnet/index.html>

⁴ <http://www.untpdc.org/untpdc/eto/etoindex.html>

2.6 ETO survey

Over the years, an increasing number of users have made use of the ETO system (see chart 2). In fact, the ETO switch in Melbourne now ranks among the top 20 sites in the world as regards the volume of information transmitted daily. With a view to assessing the current functioning of the system and improving its efficiency and customers' satisfaction, UNTPDC conducted a detailed survey addressed to randomly selected ETO users from 216 countries and territories, of which 70 per cent were developing countries. A total of 768 replies were received for the period of the survey (September 1997 to August 1998), which has made it possible to draw some general conclusions about ETO users and the ways in which they make use of ETOs.

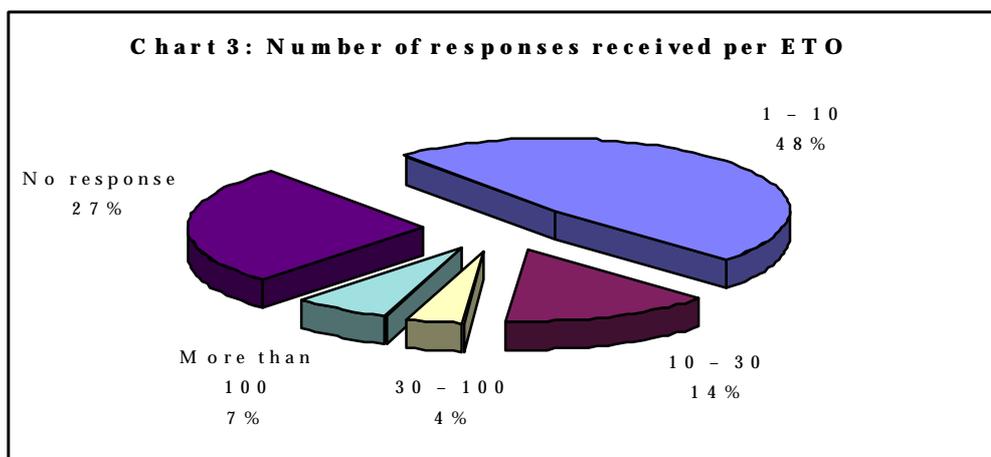


Source: UNCTAD

The ETO system has been experiencing a rapid and accelerating growth. In the sample reviewed, only 8 per cent of respondents were participating in the exchange of business opportunities before 1996, whereas 22 per cent participated in 1997 and even more, 64 per cent participated, in 1998. Most ETO users are individual traders or trading companies who increasingly post their ETOs through trustworthy channels like Trade Points (35 per cent) and ETO Associates (31 per cent).

Around 48 per cent of ETO users receive from 1 to 10 replies to one posted ETO, an additional 14 per cent receive 10 – 30 responses, and some 7 per cent receive over 100 reactions to one posted ETO (see chart 3). Nearly a third of respondents declare that they have made business deals on the basis of ETOs. The average value of these transactions is reported to be increasing (see chart 4). While it is still less than US\$ 10,000 in 34 per cent of cases, the bulk of transactions (53 per cent) range from US\$ 10,000 to US\$ 1 million and 13 per cent of respondents have even signed contracts worth over US\$ 1 million. Over 46 per cent of users broadcast ETOs further and nearly 60 per cent of them have the means to ensure the follow-up required for the conclusion of a business deal.

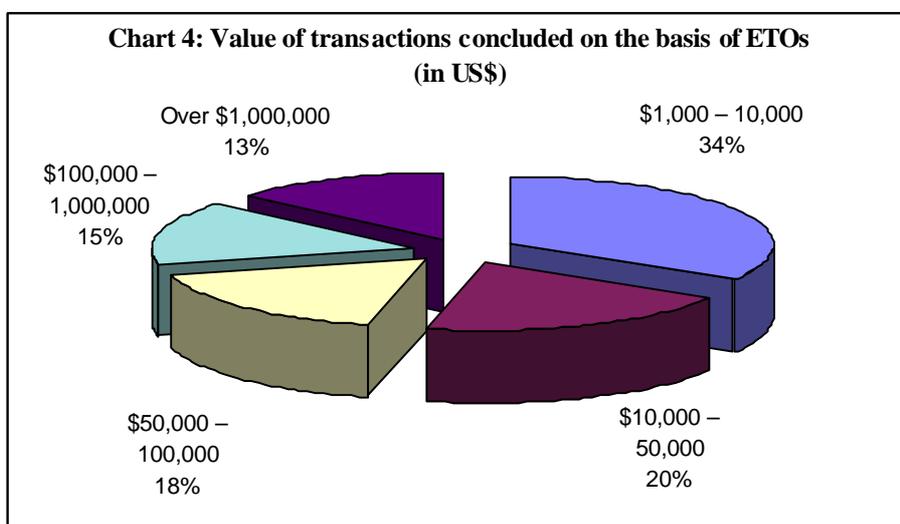
With respect to the ETO format, nearly 60 per cent of respondents are currently using free text, without resorting to any special software, but 45 per cent of them are interested in moving to a structured format compatible with EDIFACT (electronic data interchange for administration, commerce and transport).



Source: UNCTAD

As regards the question of charging users a subscription fee for ETOs, only 40 per cent of those who answered the question would be ready to pay, and most of them were only prepared to pay a low charge sufficient to cover the communication costs incurred by UNTPDC. The remaining respondents were of the view that ETOs should remain accessible free-of-charge. Those prepared to pay believed that a subscription would improve the quality of ETOs, weed out irrelevant users and unjustified repetitive posting, and generate cash for further improvements of the system. The main concern expressed by those who were reluctant to pay was that a fee would penalize and exclude users from the poorer developing countries and small and medium-sized enterprises for which the system was originally set up.

Another survey conducted by UNTPDC reviewed all the ETOs posted on the GTPNet during the period from 1 March to 15 July 1998, and sheds more light on the geographical distribution of the companies that use the GTPNet as a vehicle for the dissemination of their business opportunities. According to this survey, three-quarters of ETOs are posted by the top ten countries in terms of numbers of ETOs uploaded onto the GTPNet. The leading user, with 20 per cent of ETOs posted during the



Source: UNCTAD

period of the survey, was the United States, closely followed by China (19 per cent), the Republic of Korea (11 per cent), India (7 per cent) and Canada (5 per cent). The other users in the top ten group account for between 1.5 per cent and 3.0 per cent of ETOs registered by the system (see table 1).

Table 1: Number of ETOs posted between 1 March and 15 July 1998

Overall ranking	Countries	No of offers posted	No of demands	Misc. Posted	Total no.	% of world total
1	United States	785	4 654	1 180	6 619	19.8
2	China	835	4 933	490	6 258	18.7
3	Rep. Of Korea	468	3 138	195	3 801	11.4
4	India	799	1 127	332	2 258	6.7
5	Canada	296	1 233	132	1 661	5.0
6	Egypt	262	433	306	1 001	3.0
7	Indonesia	74	687	62	823	2.5
8	Malaysia	109	643	44	796	2.4
9	Hungary	58	512	23	593	1.8
10	Russian Fed.	147	294	71	512	1.5
	Top 10	3 833	17 654	2 835	24 322	72.7
	<i>World total</i>	<i>6 136</i>	<i>23 767</i>	<i>3 551</i>	<i>33 454</i>	

2.7 A secure ETO system

Fully Internet-based electronic commerce will not become a global tool for international trade unless a certain number of legal and technical prerequisites are met. One of these prerequisites is that the Internet should be secure, which is still far from reality. Security, confidentiality and integrity of data transmissions are necessary conditions for the migration of payments and contracts to a web environment, and they require that a certain number of instruments should be used (and to some extent harmonized) at global level, including encryption, certification and content-filtering for example.

The Trade Point Programme has been pioneering a number of original efforts in these areas. Taking advantage of its strong pre-transactional basis, the GTPNet has progressively been used to test some secure ways of carrying out international trade and trade-related transactions. By taking advantage of the experience of some of the most advanced players in the field (including in the private sector), various ways of moving ETOs "from contacts to contracts" have been explored within the context of the SEAL-I (Secure Electronic Authenticated Link – Infrastructure) project. The future will tell whether and to what extent the SEAL-I pilot experiments can be extended to the GTPNet as a whole.

Chapter 3: Regional Information

3.1 Africa

3.1.1 French-speaking and Portuguese-speaking countries

As at 1 September 1998, there were 15 Trade Points at various stages of development in the region, of which three were operational (in Morocco, Senegal and Tunisia) and 12 were in the feasibility stage (in Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Côte d'Ivoire, Gabon, Guinea-Bissau, Mali, Mauritania, Mozambique and Sao Tome and Principe). Government requests for the establishment of Trade Points were submitted by five more countries, namely, Angola, Chad, Djibouti, Madagascar and Togo.

Activities carried out and progress achieved during the last twelve months

In November 1997, a workshop on the development of web sites for the promotion of artisanal products was organized by the International Trade Centre UNCTAD/WTO/ITC in Fès, Morocco, in cooperation with the International Centre for the Promotion of Handicrafts. Since Trade Points are well placed to undertake such activities with their small and medium-sized clients, Trade Point experts from Cameroon, Mauritania, Romania and Senegal were invited to the workshop and trained in web page design. The objective was to allow them to prepare and post web pages publicizing local handicrafts on the Internet, thereby extending the range of services that they provide to their clients.

The Dakar Trade Point Foundation officially adopted its statutes in October 1997. In September 1998, they will launch a trade information system that will complete the vast range of services they already offer to the local business community. Following the training undertaken last year by 11 staff members of the Trade Point at UNTPDC in Melbourne, Trade Point Dakar is currently also preparing for active participation in the secure ETO system in collaboration with UNTPDC.

Obstacles to the development of Trade Points in the region

Telecommunications remain the major obstacle to the development of Trade Point activities in Africa. The problem does not lie so much in technological inadequacies as in the often prohibitive costs involved. A possible solution to this may be found in the proposed "low earth orbit" satellite networks which several transnational companies are to introduce within the next few years, as well as the Africa One submarine cable system that will be put in place by AT&T. However, there have already been improvements in the situation, as evidenced by, for example, the fact that reliable e-mail connectivity is already available to Trade Points in Algeria, Burkina Faso, Cameroon, Côte d'Ivoire, Guinea-Bissau, Mali, Mauritania, Morocco, Senegal and Tunisia, and that, for the past several months, Trade Points in Burkina Faso, Cape Verde and Côte d'Ivoire have had the benefit of a full Internet access.

A major issue for the countries involved in the Trade Point Programme is to make themselves known worldwide. In this context, many Trade Points, such as those in Cape Verde, Côte d'Ivoire, Gabon, Senegal and Mauritania, have created their own home pages which are now hosted by the GTPNet Internet Incubator. The main obstacle, however, in setting up home pages remains the difficulty that countries have in transmitting information to UNTPDC, with a view to uploading it onto the GTPNet.

Future prospects for Trade Points in the region

The Trade Point in Côte d'Ivoire, hosted by the Ministry of Trade, is already fully equipped, including the connection to the Internet, and shall be inaugurated shortly. Trade Point Tunisia will benefit from funding provided by the project sponsored by the United Nations Development Programme (UNDP) to expand the GTPNet in Arab countries (see section 3.4). Since the Trade Point is already operational, the main focus of the project activities will be to strengthen its services in the area of trade transactions and electronic commerce. Trade Point Casablanca will be among the beneficiaries of the "Mediterranean 2000" project funded by the Italian Government (see section 3.1.2), which aims to reinforce the services provided by the Trade Point to enterprises producing and (potentially) exporting handicraft items.

The Fifth World Trade Point Meeting is expected to provide an opportunity for Trade Points from the region to share their experience and agree on future cooperation with other Trade Points operating within the GTPNet, as well as to discuss their possible involvement in electronic commerce.

3.1.2 English-speaking African countries

As at 1 September 1998, 11 countries in the region had taken steps towards establishing Trade Points. One Trade Point in this group (in Zimbabwe) is already operational, four others have reached the development stage (in Botswana, Ethiopia, Kenya and Uganda) and six more are in the feasibility stage (in Eritrea, the Gambia, Ghana, Mauritius, the United Republic of Tanzania and Zambia). Moreover, UNCTAD has received requests to set up Trade Points from the Governments of five countries, namely, Lesotho, Malawi, Namibia, South Africa and the Sudan.

Activities carried out and progress achieved during the last twelve months

In July 1997, the Harare Trade Point in Zimbabwe conducted a survey among Trade Points in the region. The respondents were asked, among other things, about the areas where assistance or improvement was most needed. In their answers, the following were listed: funding, training in various trade efficiency topics, development of ETO software, and promotion of Trade Point services to potential users. The Harare Trade Point works systematically with its customers in the area of ETO services. These are already used by 22 per cent of its clients and are ranked as very useful by 77 per cent of the Trade Point customer base. A total of 180 million of Zambian dollars-worth of business deals were generated on the basis of ETOs in two years. During the last year, the Harare Trade Point has provided advisory assistance on several occasions to other Trade Points in the region, including those in Eritrea and Ethiopia.

An UNCTAD mission was invited to visit Mauritius in November 1997 for the purpose of introducing the Trade Point concept to the local business community and identifying a possible host for the Port Louis Trade Point. The meeting ended with agreement that the Trade Point should be hosted by the largely private Mauritius Export Development and Investment Authority (MEDIA).

The Lusaka Trade Point in Zambia, hosted by the Export Board of Zambia, has become more involved in the provision of GTPNet-related services during the last year. As in Uganda, the sending out and receiving of ETOs and the creation of web sites are becoming increasingly popular among Zambian companies.

Trade Point Addis Ababa, in Ethiopia, was visited by an UNCTAD mission in February 1998. The Trade Point is now formally established and has started to advertise its services, which include the

provision of trade-related information, the sending and receiving of ETOs, the preparation of company profiles and the promotion of Ethiopian products on international markets. The design of the Trade Point's web site is nearly completed.

Eastern and southern African Trade Points met from 1 to 2 June 1998 in Harare, for their third regional meeting. Among the participants were representatives of Eritrea, Ethiopia, Lesotho, Malawi, Mozambique, South Africa, Namibia, the United Republic of Tanzania, Uganda, Zambia and Zimbabwe. UNCTAD was also invited to take part in the meeting. A number of new resolutions were endorsed during the meeting, following up on the results of the previous year's work and relating to the areas of common interest to the participating Trade Points, including the creation of a regional Trade Point forum which would formalize the cooperation of Trade Points in the region. Particular attention was paid to the needs of newly created Trade Points (i.e. those in Eritrea, Lesotho, Malawi, Mozambique and Namibia), to which the meeting provided useful start-up information and the opportunity to establish contacts with other Trade Points in the region, including those that are already more advanced and in a position to provide advice and assistance.

In response to the acute training needs voiced by many participating Trade Points, the meeting in Harare was followed by a one-week training course on trade information delivered by ITC.

Obstacles to the development of the Trade Points in the region

Most Trade Points in Africa are facing financial constraints which prevent them from fully developing the services they could offer to the growing number of small companies in their countries. Although an absolute majority of English-speaking countries in Africa already have Internet access, it is still the cost which prevents them from taking full advantage of the use of electronic facilities. Lack of training in areas such as Trade Point management, network and computer technologies, international finance and marketing is an obstacle to the successful operation of many Trade Points.

Advisory assistance from UNCTAD in the form of missions, especially in the initial stages of Trade Point development, would facilitate progress towards the operational stage in many Trade Points. Countries that have been the most successful in developing Trade Points are among those that have benefited from such assistance. However, UNCTAD is currently not financially in a position to respond to all the requests received for missions (including requests from Eritrea, Lesotho, Malawi and Namibia).

Although the African continent is often associated with an image of poverty and economic problems, there are several very active and dedicated Trade Points in African least developed countries (such as Ethiopia, Uganda and Zambia). These success stories in difficult conditions are to a great extent the fruit of the proactive attitude of the staff in the institution hosting the Trade Point. Since the Trade Point Programme is a paramount example of a project whose success lies essentially in local efforts, the best results are generally achieved by Trade Points in those hosting institutions that have active and dedicated staff. On the other hand, lack of such personnel may adversely affect the establishment and operation of the Trade Point. Trade Points are sometimes hosted by public institutions, which given their policy-making orientation, often have staff without practical trade and business experience who find it difficult to hire specialists with the necessary qualifications.

In many African countries, the lack of cooperation among trade-related service providers such as ministries and those working in the areas of customs, telecommunications, transport, trade information, banking and insurance, is an obstacle to the increased participation of local small and medium-sized enterprises in international trade.

Future prospects for Trade Points in the region

Even though there are many small businesses in Africa that need assistance in developing their products and identifying trading partners outside the local market, awareness of the services provided by Trade Points remains very limited, which restricts the potential benefit of the Trade Points to the local business community.

Since the financial support from donor countries is not sufficient to meet the needs of Trade Points in the region, their future development will probably continue to depend mostly on funding that can be mobilized locally. There is also a considerable potential for mutual assistance among Trade Points in the region.

The Government of Italy has committed funding for a comprehensive project entitled "Mediterranean 2000", which the Government plans to launch in autumn 1998. One of the activities envisaged in the project is the development and strengthening of Trade Points. In the first stage, Trade Point Addis Ababa will benefit from the project funding for training, expert assistance and purchase of equipment.

Increased Internet access, which has been a bottleneck for Trade Point development in the past, will be less of a problem in the future since the majority of English-speaking African countries are already connected, although rural areas still remain rather isolated.

3.2 Latin America and the Caribbean

As at 1 September 1998, there were 39 Trade Points at various stages of development in 14 countries in the region. Twenty-six Trade Points have been recognized by UNCTAD as operational – which represents over 60 per cent of operational Trade Points around the world – three are in the development stage (in Venado Tuerto in Argentina, Goiânia in Brazil and Guatemala City) and 10 more are in the feasibility stage (in Buenos Aires and Vicente López in Argentina, La Paz, Joao Pessoa and Porto Velho in Brazil, and in Costa Rica, Jamaica, Peru and Trinidad and Tobago). In addition, 11 governments requests (from Argentina for Alto Valle, Belize, Cuba, Ecuador, El Salvador, Guyana, Haiti, Honduras, Nicaragua, Panama and Paraguay) have been received by UNCTAD, coming mainly from Central America and the Caribbean.

Activities carried out and progress achieved during the last twelve months

The region has witnessed continuing interest in and support for the Trade Point Programme, as witnessed by the various national and regional Trade Point meetings, the emergence of new operational Trade Points and seven new requests for Trade Points. Representatives of Latin American Governments and some Trade Point directors participated in the UNCTAD Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency and the Expert Meeting on Capacity-Building in the Area of Electronic Commerce, and attended the high-level segment of the forty-fourth session of the Trade and Development Board on electronic commerce on 23 October 1997.

A meeting of the Colombian Trade Points took place in the city of Bucaramanga from 2 to 3 October 1997. Discussions took place on trade opportunities, Trade Point certification and preparation for the coming meeting of the Inter-American Trade Point Forum in Mexico. The participants pointed out that effective cooperation within the GTPNet was sometimes constrained by the lack of prompt and reliable responses by other Trade Points. This was seen as a factor which diminished the usefulness of the network for its members.

From 5 to 7 November 1997, the fifth meeting of the Inter-American Trade Point Forum, organized by Trade Point Mexico City, was attended by over 30 Trade Point representatives from 12 countries.

Highlights of the meeting included presentations from Trade Points Belo Horizonte, Guatemala City, La Plata, Mendoza and Santiago, as well as Trade Point Mexico City. The meeting also finalized the legal statutes of the Forum and elected several new representatives. The Secretary-General for 1998 is Roggerio Santanna from Trade Point Puerto Alegre. On the two days prior to the meeting of the Forum, ITC organized a workshop on trade information for the same participants. The workshop was hosted by Bancomext (Banco Nacional de Comercio), and was attended by 26 representatives from Trade Points and Bancomext, who encouraged the organization of similar workshops in the future. One of the main activities of the Forum during the last twelve months has been to carry out short two-day training courses on the use of information technologies in the Trade Points of the region. So far, all the Trade Points in Colombia and Venezuela have benefited from this training. Before the end of the year, Trade Points in the Southern Cone (Argentina, Chile and Uruguay) will also receive the training. In April 1998, members of the Forum steering committee met in Santiago de Chile to discuss the work programme of the Forum as well as the upcoming annual meeting to be held in La Plata, Argentina, from 5 to 7 October 1998.

Intensive interregional cooperation and consultations took place among the Trade Points of the region to assist the Central American region in setting up Trade Points. For example; Mexico is providing assistance to Costa Rica and El Salvador in their projects to establish Trade Points and Trade Point Cartagena provided technical assistance to Panama.

At the request of the Corporación Venezolana de Guayana, an UNCTAD preparatory mission, was carried out to Venezuela between 1 and 6 March 1998 to assist in the initiation of a Trade Point in Ciudad Guayana. The Trade Point has meanwhile moved on to the feasibility stage and is expected to become operational during the coming year. A one-day mission was carried out at the request of Trade Point Curaçao, 7 March 1998, to discuss ways to redesign the Trade Point and make it more profitable. The mission recommended reopening discussions with local providers of trade transaction services with a view to including their services in the Trade Point.

In Brazil, two meetings of the Brazilian Trade Point Forum have been held during the past year. The Forum is constituted by all Brazilian Trade Points (currently, 11 are operational, one is at the development stage and two are at the feasibility stage) and provides a loose framework for coordination and cooperation among Trade Points at the national level. The Forum meets two to three times a year in different Trade Point locations. The Government, through its Centre for the Promotion of Trade Efficiency, hosted by the Ministry of Foreign Affairs, provides secretariat services to the Forum. Topics discussed at the meeting of the Brazilian Forum in Sao Paulo, held from 18 to 20 March 1998, included the registration of the "Trade Point" trade mark, electronic commerce, quality and performance standards for Trade Points in Brazil, the BrazilTradeNet, self-sufficiency, remote Trade Points and the Inter-American Trade Point Forum. In cooperation with the Brazilian Forum meeting, held in Sao Paulo, ITC organized a workshop on trade information and management for the participants at the meeting. At the meeting of the Brazilian Forum held in Manaus held from 10 to 12 August 1998, the following issues were discussed: the criteria for and evaluation mechanisms for considering a Trade Point to be operational, the registration of the "Trade Point" trade mark, the relation between Trade Points within the GTPNet, the Inter-American Trade Point Forum, Brazilian participation in the Partners for Development meeting in Lyon, BrazilTradeNet, the participation of Trade Points in fairs and exhibitions abroad, the setting up of a joint project to be presented to the Exports Promotion Agency, a proposal for the creation of a technology development centre for Brazilian Trade Points (presented by the Manaus Trade Point), and the development, performance and perspectives of the Brazilian Trade Point Forum. The next meeting of the Forum will be hosted by the Goiânia Trade Point in March 1999.

A joint UNCTAD/ITC mission attended a donors' meeting held at the UNDP office in Kingston, Jamaica, in May 1998. The objective of the meeting was to discuss an ITC project proposal entitled

“Capacity strengthening for trade efficiency and promotion of export competitiveness”, which includes a module on the establishment of a Trade Point in Jamaica. Considerable interest was expressed in the project by the donor community and discussions are ongoing between the donors, UNCTAD and the host of the Trade Point, the Jamaican Export Promotion Agency. The Agency has already made considerable progress with setting up the Trade Point and expects it to become fully operational before the end of the 1998.

A ministerial delegation from Brazil, coordinating a group on electronic commerce within the Ministry of Industry, Commerce and Tourism, informed UNCTAD about the preparation of a workshop on electronic commerce and capacity-building for the use of electronic commerce technologies which is planned for the end of 1998. The idea is that UNCTAD will jointly organize the workshop with the group from the ministry.

Obstacles to the development of the Trade Points in the region

The lack of involvement of Trade Points in the technological development of the GTPNet, which is being carried out by UNTPDC in Melbourne, was seen as a constraint by several Trade Points from the region. Problems have arisen following the departure of Trade Point directors or persons acting as focal points for the establishment of new ones, as the new appointees are not fully familiar with the Trade Point Programme. Sometimes, the whole process of establishing a Trade Point has had to be started again.

Future prospects for Trade Points in the region

The sixth Inter-American Trade Point Forum is due take place in La Plata, (Argentina) before the end of 1998. Items expected to be on the agenda of the meeting include the work programme of the Forum, legal aspects of electronic commerce in each country, training, a review of the status of member Trade Points, and the establishment of internal rules for Forum activities.

Trade Points from the region have been invited to participate in the Fifth World Trade Point Meeting and the Partners for Development meeting.

3.3 Asia and the Pacific

As at 1 September 1998, there were 16 Trade Points in 11 countries in the region. One of them (in Indonesia) has been recognized by UNCTAD as operational, four are at the development stage (in Fiji, Mongolia and in the Republic of Korea (2)) and 10 more are at the feasibility stage (in Bangladesh, India, Indonesia (2), Maldives, Pakistan, the Philippines (2), Singapore and Viet Nam (2)). In addition, six government requests for Trade Points have been submitted to UNCTAD, from Cambodia, Macau, Myanmar, Nepal, Sri Lanka and Thailand.

Activities carried out and progress achieved during the last twelve months

The Fiji Trade Point received a confirmation from a telecommunications company that it was prepared to sponsor a secure link to the GTPNet. In order to implement this project the Trade Point hardware would need to be upgraded. The Trade Point has also expressed interest in hosting a mirror site.

In collaboration with ITC, the New Delhi Trade Point organized a seminar on the Internet and other sources of business information for international trade, which was held from 22 to 26 June 1997. Trade Points from Bangladesh and Nepal participated in the seminar.

A second Trade Point has been established in the Republic of Korea. It is hosted by the Korea Trade Investment Agency (KOTRA), which is already providing services to several thousands of companies. The two Trade Points in the Republic of Korea are among the most active contributors and users of the GTPNet ETO system, posting several thousands of ETOs every week.

Technical staff involved in the establishment of Trade Points in Viet Nam visited UNTPDC in Melbourne in order to receive training. Viet Nam has also expressed an interest in becoming involved in electronic commerce. The country already has an electronic trade and business information network called VITRANET serving Vietnamese and foreign companies which will be connected to the GTPNet.

Three least developed countries in the region, Cambodia, Myanmar and Nepal, have expressed interest in setting up Trade Points in their countries.

Obstacles to the development of the Trade Points in the region

Financial constraints remain the principle obstacle to the implementation of Trade Point projects in the developing countries in the region. Lack of training in telecommunications, marketing, banking and management prevent many Trade Points from working more efficiently and improving their services. The cost of telecommunications is very high in some countries, especially in Cambodia and Viet Nam. In Viet Nam, for example, there is a monopoly telecommunication company whose prices are beyond the reach of Trade Point's small clients.

Several Trade Points that are providing very advanced services in the area of information and electronic transmission of data have not graduated to the operational stage as they have failed to comply with the UNCTAD requirement regarding the submission of a business plan and creation of a legal entity for the Trade Point. Some Trade Points find it difficult to create legal entities which satisfy the interests of all partners participating in the Trade Point project.

Future prospects for Trade Points in the region

The region hosts some of the most advanced Trade Points, which are likely to be among the first in the GTPNet to embark on electronic commerce activities. The Asian Pacific region is culturally and economically very diversified, and so far there has not been much cooperation between the existing Trade Points in the region. There is a pressing need for regular regional meetings if cooperation is to develop. When establishing Trade Points, it is also very important – perhaps especially in Asia – to make use of existing local organizational structures. One of the basic principles of the Trade Point Programme – that local initiative comes first – therefore applies in particular to Asia.

3.4 The Middle East

For the purpose of this report the Middle East covers Trade Point activities in Egypt, the Islamic Republic of Iran, Israel, Jordan, Lebanon, Pakistan, the Palestinian Territory and the United Arab Emirates.

As at 1 September 1998, there were six Trade Points in the region, of which two were operational (in Egypt and Israel) and four were at the feasibility stage (in the Islamic Republic of Iran, Lebanon, the Palestinian Territory and Pakistan). The United Arab Emirates submitted a government request for the establishment of a Trade Point.

Activities carried out and progress achieved during the last year

During the last year, activities in the region were to a great extent related to the implementation of a UNDP-funded project entitled "Support to Arab States in economic and social reform", particularly its component on "Trade efficiency: Expanding the Global Trade Point Network". The project has made it possible to undertake expert missions to carry out preparatory work on the establishment of several Trade Points in Jordan, Lebanon and the United Arab Emirates, as well as on strengthening the existing Trade Point in Egypt.

An expert on the establishment of Trade Points and information technology, hired under the above project, has completed his first mission to the region, visiting in Abu Dhabi and Dubai, Jordan, Lebanon and the United Arab Emirates. These countries showed a growing interest in strengthening existing Trade Points, as well as in creating new ones.

It is envisaged that the Trade Points in the region will be simultaneously connected to the GTPNet and the Intra-Arab Trade Information Network, developed in cooperation with experts from ITC with the objective of enhancing the competitiveness of Arab exporters and assisting in the storage, processing and retrieval of Arab trade information. The interconnection of the two networks will broaden market opportunities for exporters and importers from Arab countries both in relation to intraregional and international trade.

The Tel Aviv Trade Point has been successfully developing high-quality ETO-related services. Consequently, it has been certified as one of the Trade Points that are authorized to send their ETOs directly to the GTPNet, without passing through clearance at the UNTPDC switch.

In August 1998, an UNCTAD mission visited the International Egyptian Trade Point in Cairo with the objective of evaluating its capacities and current needs. The structure of the Trade Point allows traders to complete transactions using the wide range of trade information services made available in the Trade Point by representatives from customs, freight forwarders, banks and insurers, as well as specialists in foreign trade regulations, packaging and quality control.

Obstacles to the development of the Trade Points in the region

Financial constraints make it difficult to establish and operate Trade Points in some countries in the region. Other problems have resulted from the departure of personnel who had served as focal points for the establishment of Trade Points, and the appointment of new staff who are not yet familiar with the Trade Point Programme. As a result, the whole process of establishing a Trade Point needs to be started again in some countries in the region.

Future prospects for Trade Points in the region

The Trade Point and information technology expert missions to the countries in the region will continue and will be followed by a mission focusing on electronic commerce. In addition to the technical work, the mission on electronic commerce will provide training to Trade Point officials and selected groups of representatives from the user community. UNCTAD staff will also conduct missions to those countries failing under the UNDP-funded project that have not yet received an official visit.

In order to strengthen the services provided by the International Egyptian Trade Point, a one-month expert mission is planned before the end of 1998 to assist the Trade Point in the design and installation of electronic commerce services. In October 1998, the Trade Point will launch three new sub-Trade Points, namely the Sixth of October, Kafr El Shiekh and Port Said, located in strategic commercial areas, with a view to facilitating the participation of local small and medium-sized enterprises in international trade.

In addition to the missions mentioned above, the countries in the region will be invited to the forthcoming Partners for Development meeting and the Fifth World Trade Point Meeting in Lyon.

A major Arab regional workshop on electronic commerce is also being organized, with the participation of Trade Points in the region. It will be held in Cairo, Egypt, from 26 to 28 September 1998, and is expected to attract some of the most renowned experts in the field. Several technical papers on various areas of electronic commerce will be presented. The workshop will provide an opportunity for Arab countries to identify priority issues for future discussions and policy formulation in the field of electronic commerce. The results of the workshop will serve *inter alia* as an input to the Partners for Development meeting.

3.5 China

The Trade Point Programme in China is part of a broader strategy aimed at increasing trade efficiency in the country. To date, there are two fully operational Trade Points, in Shanghai and Beijing, and one Trade Point at the feasibility stage in Weifang.

Activities carried out and progress achieved during the last twelve months

During the last year, China has continued to develop dynamically, further strengthening its pioneering position within the GTPNet, particularly with regard to research and development and the application of the most advanced technologies for electronic trade. The Shanghai and Beijing Trade Points provide a wide range of trade information and trade transaction services, which is made possible by the broad participation of service providers, such as customs, banks, freight forwarders and insurance and inspection companies, in the Trade Points. Clients have access to these services both on the Trade Points' premises (according to the concept of a physical Trade Point) and on-line, to a large extent resorting to the use of electronic data interchange (EDI) according to the concept of a virtual Trade Point.

Both Trade Points have set up comprehensive web sites⁵ containing a wealth of information about their country and regions, particularly with a view to meeting the needs of potential business partners. Both Trade Points have developed electronic company catalogues (Shanghai's Directory of Chinese Enterprises, and Beijing's Export Commodities Fair Online). Shanghai's database of Chinese trade marks is also worth mentioning in this respect.

Trade Point Beijing, together with Trade Point Tampere in Finland, is launching an ambitious project of electronic commerce between Asian countries and the European Union, entitled the EuroAsian Trade Bridge. The Trade Bridge will enable the transfer of information at different levels of confidentiality between the participating enterprises, and provide personalized support in conducting trade transactions through Trade Points and their partners on both sides of the Bridge. In March 1998, a senior delegation from Beijing representing the Trade Point and the business community visited Finland and Geneva, with a view to enhancing business relations between the regions and the cooperation with UNCTAD and other United Nations agencies in Geneva.

The China National Trade Point Development Centre

China is the first country to have established, in 1996, a national centre for research and development –

⁵ Shanghai Trade Point: <http://www.tpsa.gov.cn>
Beijing Trade Point: <http://www.tbjc.gov.cn>

the China National Trade Point Development Centre (CNTPDC), based in Beijing⁶. The Centre's objective is twofold: to provide technical support to Trade Points in the country and, more broadly, to facilitate the use of new information technologies by Chinese exporters and importers with a view to increasing their competitiveness in international markets. During the relatively short period of its existence, the Centre has organized on-line trade fairs, prepared and posted material on the Internet home pages, provided training for Chinese companies, and prepared a number of national EDI standards for international trade documents.

China has made a good deal of progress in preparing the ground for the effective conduct of electronic commerce. In 1996, China was the first country (the second one being the United States) to establish a SEAL connection (64k land line) with UNTPDC in Melbourne. The project benefited from funding by the Government.

Obstacles to the development of Trade Points in China

The main problems encountered in relation to the further enhancement of the programme in the country concern technical questions, such as the state of the local telecommunications infrastructure, which is in need of extensive investment, or the development of appropriate software, which needs to be speeded up.

Trade Point Shanghai is currently tackling the problems related to the installation of a mirror site, which is supposed to be becoming operational in the near future. Trade Point Beijing is confronted with some difficulties in hiring qualified staff, and considers that more awareness-raising is needed in order to foster the development of the Trade Point Programme.

Future prospects for Trade Points in China

The main challenge for the programme in China is to manage successfully the transition from the pre-transactional to the transactional phase. To this end, CNTPDC has launched the CIETNet (China International Electronic Trade Network) project. This private network will interconnect the country's Trade Points, foreign trade companies, government agencies and financial institutions. It will use both optical fibre cables and satellite channels, and will consist of network nodes in 32 cities of an initial bandwidth of 64 kb/s and 128 kb/s. Measures to improve the security of information transfer over the CIETNet, including third-party certification, will be taken in the course of 1998. The final objective is to link over 2.6 million Chinese companies to CNTPDC, which will provide certification and authentication and distribute Smart cards to the members. A pilot project is currently under way to prepare for the launching of a secure electronic commerce system in China.

3.6 Central and Eastern Europe

As at 1 September 1998, there were 25 Trade Points in Central and Eastern Europe at various stages of development, of which two were fully operational (in Yerevan and Moscow), two were at the development stage (in Bucharest and Novosibirsk) and 21 were at the feasibility stage (in Azerbaijan, Bosnia and Herzegovina, Bulgaria (2), the Czech Republic (2), Estonia, Georgia, Hungary, Latvia, Lithuania, Poland, the Russian Federation (6), Slovakia and Slovenia). Government requests for technical assistance in the establishment of Trade Points have been received from five countries, namely, Kazakhstan, the Republic of Moldova, the Russian Federation, Ukraine and Uzbekistan. Ten new requests from central and local

⁶ <http://www.unicc.org/untpdc/incubator/chn/cntpdc>

Governments have been received during the period under review.

There are wide disparities in level of development of Trade Points, and these disparities are not always correlated with the formal classification of Trade Points into one of the three stages of development. Instead, four typical cases can be identified:

- A Trade Point that is formally established as a legal person and provides a more or less complete range of Trade Point services (such as those in Yerevan, Moscow, St. Petersburg, etc.);
- A Trade Point that provides many services but does not have its own legal status and works as a part of another organization (such as those in Ljubljana and Tallinn);
- A Trade Point that does not yet provide services under its own name – these are only offered by its hosting institution or potential founders (this is the case of the majority of Trade Points in the region);
- A Trade Point that is being set up as a new legal person and is currently providing few services (there are generally very new Trade Points).

Activities carried out and progress achieved during the last twelve months

The region showed a continuing interest in and support for the Trade Point Programme, which resulted in a number of new requests and the establishment of new Trade Points. The Programme gained considerable momentum in Central Europe in particular; new Trade Points are being set up in the Czech Republic, Hungary, Poland and Slovakia, all of them hosted by the private sector. New requests have been received from some countries of the Commonwealth of Independent States (Azerbaijan and the Republic of Moldova) and from Bosnia and Herzegovina. The Programme continued to expand in the Russian Federation, with four new requests bringing the number of Trade Points under development in the country to 11.

Intensive contacts were maintained between Trade Points, their hosting institutions, Governments, the missions in Geneva and the UNCTAD secretariat, as a result of a number of meetings both in Geneva and in the countries concerned. Trade Point directors and managers from Armenia, Bosnia and Herzegovina, Bulgaria, Georgia, Latvia, Lithuania, Poland, the Republic of Moldova, Romania, the Russian Federation and Slovakia visited Geneva in order to discuss details of the creation of new Trade Points or the further development of the programme in their countries. Some of them also participated in the UNCTAD Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency, and the Expert Meeting on Capacity-Building in the Area of Electronic Commerce.

A number of Trade Point missions were organized by UNCTAD, funded from extra-budgetary resources or by the receiving parties, with the objective of presenting the Trade Point Programme in the interested countries, preparing the ground for the setting up of new Trade Points and implementing donor-funded projects. The missions visited Bulgaria, the Czech Republic, Hungary, Poland, the Republic of Moldova, Romania and the Russian Federation (Moscow and Voronezh). Projects funded by various donors have been implemented by UNCTAD in Armenia, Hungary and Romania, and the Government of Switzerland has committed funding to a project in Bulgaria, aimed at the creation of a Trade Point in Sofia.

Almost all Trade Points in the region (21 out of 25) have Internet access, at least in the form of e-mail. Seven of them have already developed their own web sites, in six cases the hosting institution has a web

site where the Trade Point is sometimes featured, and three Trade Point web sites are under development.

Many of the Trade Points have two language versions of their site, providing information separately to local companies and foreign business partners. In some cases only some of the information is available in English and the local language content prevails. The most extensive range of information can be obtained by accessing the web site of Trade Point Ljubljana, followed by that of the Yerevan Trade Point. An impressive amount of data (500 MB), including, for example, virtual company catalogues, has been prepared for web publication by Trade Point Bucharest and uploaded onto the UNTPDC Incubator. Some Trade Points (those in Ljubljana, St. Petersburg and Tallinn, for example) have developed searchable on-line company databases; others, such as those in Bucharest, Sofia or Tallinn, have developed virtual catalogues⁷. Also worth of mentioning here is the information on tourism in Bulgaria made available through the Trade Point Sofia web site⁸.

In some countries, especially the larger ones, Trade Points have started to prepare a gradual extension of their services to cover the whole national territory, with a view to better serving their clients, as well as to getting access to regional information which is unavailable in the capitals. Such an approach, in which close contact with regions is sought, is already built into the implementation strategy of the Trade Points in Bucharest and Sofia. However, the trend is most visible in the Russian Federation, following the adoption of the concept of the Russian Trade Point Network in 1996. Within this framework, 11 Trade Points are already working or being established throughout the country. In order to facilitate the coordination of the process, to assist the newly created Trade Points more effectively and to perform some functions of common interest, the Russian Inter-regional Trade Point Association was founded in 1997.

The progress achieved by Trade Points in the region was mainly due to two factors: adequate funding and committed staff. Some Trade Points benefited from funding from donors; for example, the creation of Trade Point Yerevan was facilitated by the availability of funding from a World Bank loan for institutional reforms. Trade Point Bucharest benefits from a comprehensive financial package provided by the Government of Switzerland to the hosting institution of the Trade Point which also involves assistance from ITC. So far, this funding has been used to train Trade Point staff, purchase computer equipment and print promotional material, which added to the investment in premises funded by the hosting institution. As a result, Trade Point Bucharest is expected to become operational in autumn 1998. Trade Point Budapest is also benefiting from a smaller project co-funded by UNDP and the Hungarian Government. Trade Point Sofia is preparing an extensive technical development programme made possible thanks to funding from the Government of Switzerland.

However, experience shows that the availability of funding does not automatically lead to success if it is not complemented by the commitment of the staff implementing the Trade Point project. In some cases, Trade Points have advanced to a great extent thanks to their staff, despite the relative lack of funding.

Obstacles to the development of the Trade Points in the region

The lack of funding hinders investment in technologies and the development of Trade Point services and human resources, which has an adverse impact on the quality and range of Trade Point services and the overall competitiveness of Trade Points. It is generally difficult to hire qualified staff; although the region

⁷ See, for example, the specialized catalogue of Estonian furniture at <http://www.ee/ETC/estoniafurniture>

⁸ <http://bg-tourism.ttm.bg>

abounds in technical specialists, there is a shortage of expertise in the area of marketing and trade transactions, and knowledge of foreign languages is limited. Moreover, since many Trade Points in the region are hosted by Government-based structures, the few specialists available may be attracted by more lucrative offers from the private sector.

The market for Trade Point services, particularly as regards business information and Internet-based activities, is still rather limited in many countries in the region. This is due to the fact that information was not considered as a good to be paid for in the past, a relative lack of familiarity with the use of the Internet for commercial purposes, and the frequently low purchasing power of Trade Point clients. In some countries, the state of telecommunications, or at least their high cost, also constrains the work of Trade Points.

Prospects for Trade Points in the region

The main challenge for Trade Points in the region in the coming year is to increase the number of Trade Points that have reached operational status. The pace of this process will depend on a combination of the following factors:

- Financial resources, which will be mobilized for and by individual Trade Points, be they provided by donors, Governments or private structures;
- A clear commitment on the part of the hosting institution, translated into positive steps to establish a Trade Point or advance to the operational stage; if necessary, UNCTAD can provide specific legal advice on how the Trade Point can be officially recognized as operational.

In relation to the transition of the Trade Point Programme from the pre-transactional to the transactional phase, some Trade Points in the region have expressed their interest in electronic commerce (the Ljubljana or Sofia Trade Points for example). The Partners for Development meeting and the Fifth World Trade Point Meeting are expected to provide a further stimulus to these efforts.

3.7 Other countries

Seventeen other countries, most of them developed, have joined the programme (Australia, Belgium, Canada, Finland, France, Germany, Ireland, Italy, Japan, Malta, the Netherlands, Portugal, Spain, Sweden, Switzerland, Turkey and the United States). Trade Points are operational in Belgium (Namur), Portugal, Switzerland (Geneva) and the United States (Detroit, Los Angeles and Tampa). Five Trade Points are at the development stage (Göteborg, Le Havre, San Gwann, Zaragoza and Zoetemeer), and the other 23 are at the feasibility stage.

Activities carried out and progress achieved in the last twelve months

Two Trade Points are in the process of being established in Australia, namely in Melbourne and Hobart, Tasmania, both of them being at the feasibility stage. The former is hosted by the Australian Chamber of Manufacturers and is currently working on the finalization of its statutes with the objective of being recognized as operational by the end of 1998. Contacts with a view to setting up a Trade Point have also been made with potential partners in Sydney.

The two Belgian Trade Points (Brussels and Namur) are now active members of the GTPNet. Trade Point Brussels, which is hosted by the Belgian Foreign Trade Office, is now offering its services to clients.

It is mainly an information Trade Point, and has compiled exhaustive information on the Belgian market on its server.⁹

Trade Point Lyon is assisting in the organization of the Fifth World Trade Point Meeting in November 1998. The Trade Point is planning to start operations in time for the meeting and to present Lyon as a showcase to demonstrate the possibilities of electronic commerce as a number of local companies, large and small, are already using the Internet to carry out transactions.

Trade Point Ankara has developed a two-language web site containing a wide range of trade and investment-related information on the country, as well as a comprehensive searchable database of Turkish exporters,¹⁰ and a virtual company catalogue. Much attention is also given to awareness-raising activities in the area of trade efficiency and electronic commerce. The Trade Point organized an international seminar on this issue in April 1998, and is participating actively in the work of the coordination committee on electronic commerce recently established by the Turkish Government. Since February 1998 the Trade Point has been carrying out a project entitled "An assessment of transition to electronic commerce in Turkey and its pilot implementation" in cooperation with the Information Technologies and Electronic Research Institute (BİLTEM).

Obstacles to the development of Trade Points in these countries

With hindsight, it appears that the stalled development of the programme in many of these countries is due to the countries' specific needs and, often, the inability of the programme to adapt rapidly enough to this environment. Most of the countries in this category are developed countries with the infrastructure required to satisfy the trade information needs of their small and medium-sized enterprises and, in many of them, well developed trade facilitation practices are also in place. There is therefore little need for a new structure to facilitate international trade. Most of these countries are waiting for new developments in electronic commerce. Several have already approached UNCTAD requesting to participate in exploratory meetings on the subject.

Future prospects for Trade Points in these countries

As the main focus in these countries is on electronic commerce, the development of the Programme in there will depend to a large extent on decisions taken at the Partners for Development meeting in Lyon. It is expected that priority will be given in these countries to acquiring tools for secure electronic trade.

⁹ <http://www.obcebdbh.be/tradepoint>

¹⁰<http://www.igeme.org.tr/english/directory/index.htm>



Chapter 4: The future Trade Point Strategy

Since its inception at UNCTAD VIII the Trade Point programme has progressed in two-year cycles:

1992 – 1994: Setting up of Trade Points, a priority objective being the creation of a critical mass of Trade Points worldwide, to promote the following activities: trade facilitation, the provision of trade information and global networking, in particular through the use of information technologies;

1994 –1996 : Setting up of the Global Trade Point Network (GTPNet), launched by the Secretary-General of the United Nations at the United Nations International Symposium on Trade Efficiency (UNISTE), held in Columbus, Ohio, in October 1994; priority objectives were (1) to provide Trade Points with an instrument for exchanging trade opportunities electronically, worldwide and at low cost, and (2) to promote the adoption of the UNISTE recommendations in the six key sectors of trade efficiency;

1996 –1998 : Development of low-cost and easy-to-use solutions for secure electronic commerce ("from contacts to contracts", according to the formula popularized by the seminar on trade efficiency organized in Midrand at UNCTAD IX in May 1996); as a result, the SEAL concept was developed and tested at selected Trade Points, and partnerships with various components of civil society have been proposed.

What will be the main characteristics of the next development stage of the Trade Point programme (1998 –2000)? The concept of partnership will undoubtedly be central to this next stage. In that sense, the Lyon Meeting (and its outcome) will be a central pillar of the new "Trade Point edifice" (see diagram above). The first external evaluation of the Trade Point programme and the evolution of the international analytical and political debate on electronic commerce will constitute two further pillars.

It is too early, at the time of writing, to describe in detail the components of the Trade Point strategy for

1998 –2000. However, one can reasonably guess that the following key elements will figure among the Trade Points’ priorities for the next two-year cycle:

- ◆ Legal basis of the Trade Point Programme: should work on an international Trade Point federation be resumed where it was left off in 1993? Should other options be considered?
- ◆ Funding of the programme: how should partnership be combined with traditional donorship? What impact would such a consideration have on any “business model” for Trade Points?
- ◆ Objectives of Trade Points as awareness–raisers and sources of good practice for the countries involved in on-going analytical and policy debates on electronic commerce: how could the dynamic linkage be maintained and what could be UNCTAD’s contribution to it?

As mentioned earlier, there is no preordained answer to any of these questions, but all of them need to be addressed as a matter of urgency. In doing so, the experience and expertise of the managers and clients of Trade Points will be invaluable. The Lyon meeting and its preparatory process should offer an excellent basis for gathering such experience and expertise and making the best use of it.

Box 1 - Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency

The Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency, held in Geneva from 8 to 10 September 1997, aimed to assess the opportunities that electronic commerce could open up to developing countries, as well as to examine the constraints with which they are confronted in this area. Attention was paid in particular to those aspects of electronic commerce that are related to telecommunications. This focus was further strengthened by the fact that the Expert Meeting was convened at the same time as the Telecom Interactive 97 meeting organized by the International Telecommunications Union and that a joint session was organized by the two organizations for their respective participants.

The experts stressed the importance of electronic commerce as a vehicle for the integration of smaller players, especially developing countries and countries in transition, and small and medium-sized enterprises into international trade. Technical solutions offering worldwide access to telecommunications services were or would soon be available, and the cost of these services and equipment was decreasing, as a result of both technical progress and the gradual liberalization of telecommunications markets. Nevertheless, obtaining a satisfactory connection was still a problem in a number of developing countries. Some of the solutions or initiatives aimed at overcoming this obstacle, particularly in Africa, were presented during the meeting.

At the policy-making level, it was felt that UNCTAD had an important role to play in assisting Governments in developing countries to better understand the implications of proposals currently discussed at the international level with regard to a global framework for electronic commerce, as well as in providing them with analytical and practical support for the upcoming intergovernmental discussions on this issue.

As regards practical applications of electronic commerce, the meeting underscored the importance of UNCTAD's Trade Point Programme in enhancing the capacity of small and medium-sized enterprises to identify the opportunities offered by modern ways of trading based on the use of telecommunications, and to master the basic elements of electronic commerce.

Having considered the business areas where UNCTAD's contribution was most needed, the meeting recommended that expert group meetings should be organized on: (a) banking and insurance aspects of electronic commerce; (b) identification of obstacles and solutions to global electronic trading system; (c) legal dimensions of electronic commerce, and, last but not least, (d) training for electronic commerce. In this context, further cooperation between the Trade Point Programme and the training programme of UNCTAD, TRAINFORTRADE, was called for, with a view to increasing the opportunities arising from electronic commerce for training trainers, decision-makers and trade practitioners in the new techniques of international trade.

Box 2: Expert Meeting on Capacity-Building in the Area of Electronic Commerce: Human Resource Development

The Expert Meeting on Capacity-Building in the Area of Electronic Commerce: Human Resource Development was held in Geneva from 29 June to 1 July 1998 with a view to discussing issues related to training for electronic commerce and the role to be played by UNCTAD in this area.

There was a wide agreement among participants that awareness and knowledge of both policy issues and the practical implications of electronic commerce were of critical importance for developing countries in enhancing their capacity to participate effectively in intergovernmental discussions and in electronic commerce itself. Unlike large businesses that could adapt to electronic commerce fairly easily, the small and medium-sized enterprises faced the greatest challenge and were most in need of technical assistance and training in order to be able to take advantage of the new opportunities.

In this context, UNCTAD was urged to pursue its work on electronic commerce through the following means:

- Conducting analyses of the impact of electronic commerce on trade and development;
- Organizing regional seminars for Governments on policy issues related to electronic commerce;
- Producing and distributing training packages for electronic commerce, in particular through its TRAINFORTRADE initiative.

Different training courses, currently being prepared in UNCTAD in cooperation with other international organizations active in this area, should be targeted on:

- Policy-makers and negotiators;
- Managers of small and medium-sized enterprises and trade practitioners;
- Technicians, including specialists in electronic data interchange and the Internet.

It was expected that the major components of the first training kit, the outline details of which would be published on the Internet, would be completed before the end of the year. As regards delivery of the courses, it was suggested that the GTPNet should be used as an instrument for the dissemination of training tools for electronic commerce, and as an instrument for the continuous change of information and experience among practitioners of electronic commerce.