

# **“Business-Government Forum on Electronic Commerce”**

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# **A Key Ingredient for Successful E-Business A Competitive Communications Infrastructure:**

## **Lessons for Emerging Markets**

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# **Telecommunications Market Liberalisation in Developed Market Economics**

## **Experiences in emerging economies with telecommunications and information services market development**

# **ARGENTINA**

## **Experience**

**Privatization**

**Deregulation**

**Creation of the High Tech Industry**

**International Insertion**

# The Market – Comparative Advantage

🌐 We believe the deregulation of telecommunications, which started in November 1999, with its completion done by 9 Nov 2000, provides the opportunity for a competitive or comparative advantage for Argentina: **“future markets are undergoing tests for the validation of the model here and now.”**

🌐 Worldwide leading companies operating telecommunication services are developing their case studies in Argentina and are also learning to combine information technology with entertainment.

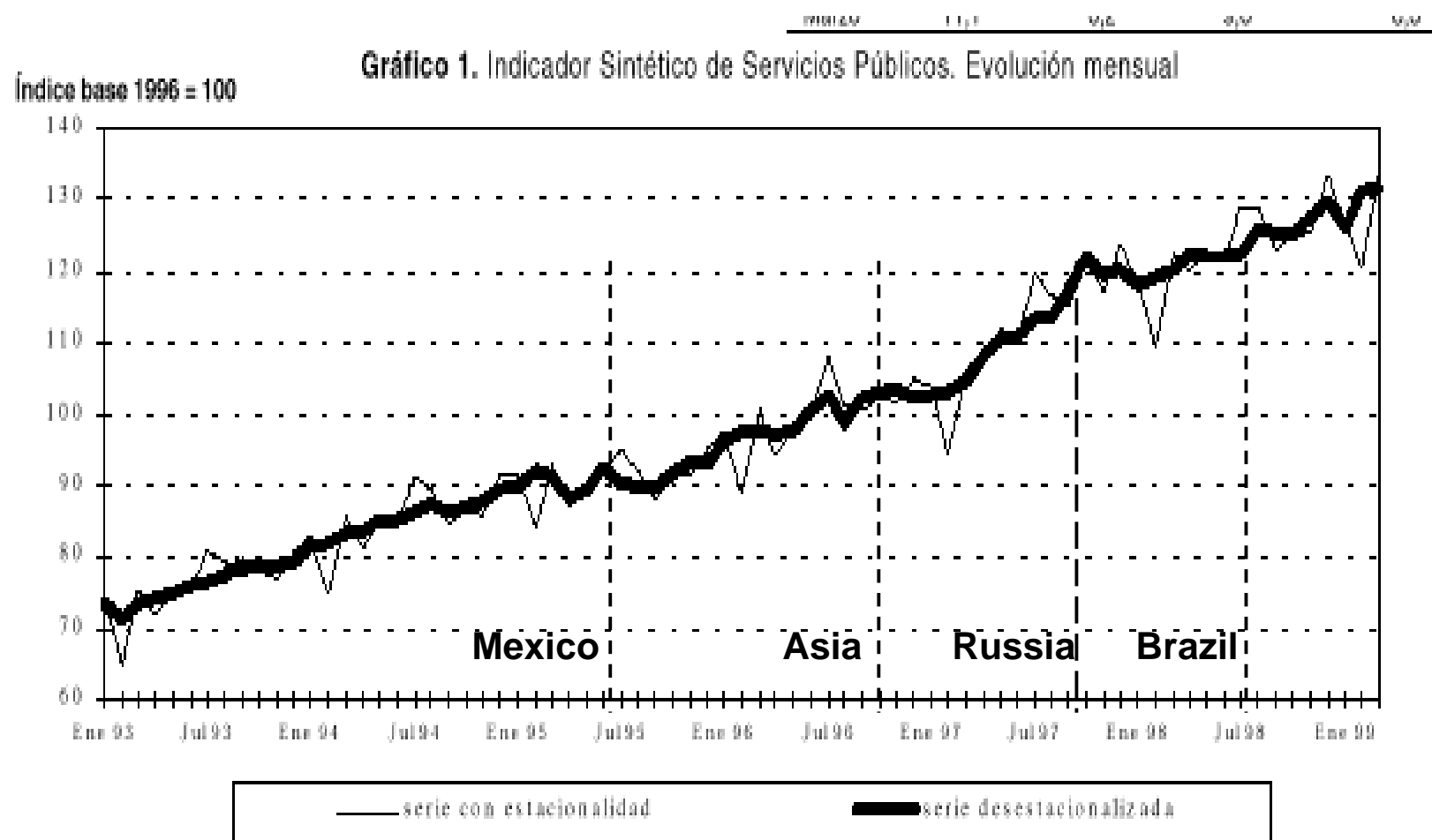
# The Market – Comparative Advantage

- 🌐 This fertile ground for services innovation could trigger the technological process that could develop new tools having great exporting potential.
- 🌐 The concept of technology convergence promoting the necessary convergence of services facing a consumer acting as validator of models presented to him is vastly known and widespread.

**Nowadays, the Argentine market is developing services solutions and technology that can be exported.**

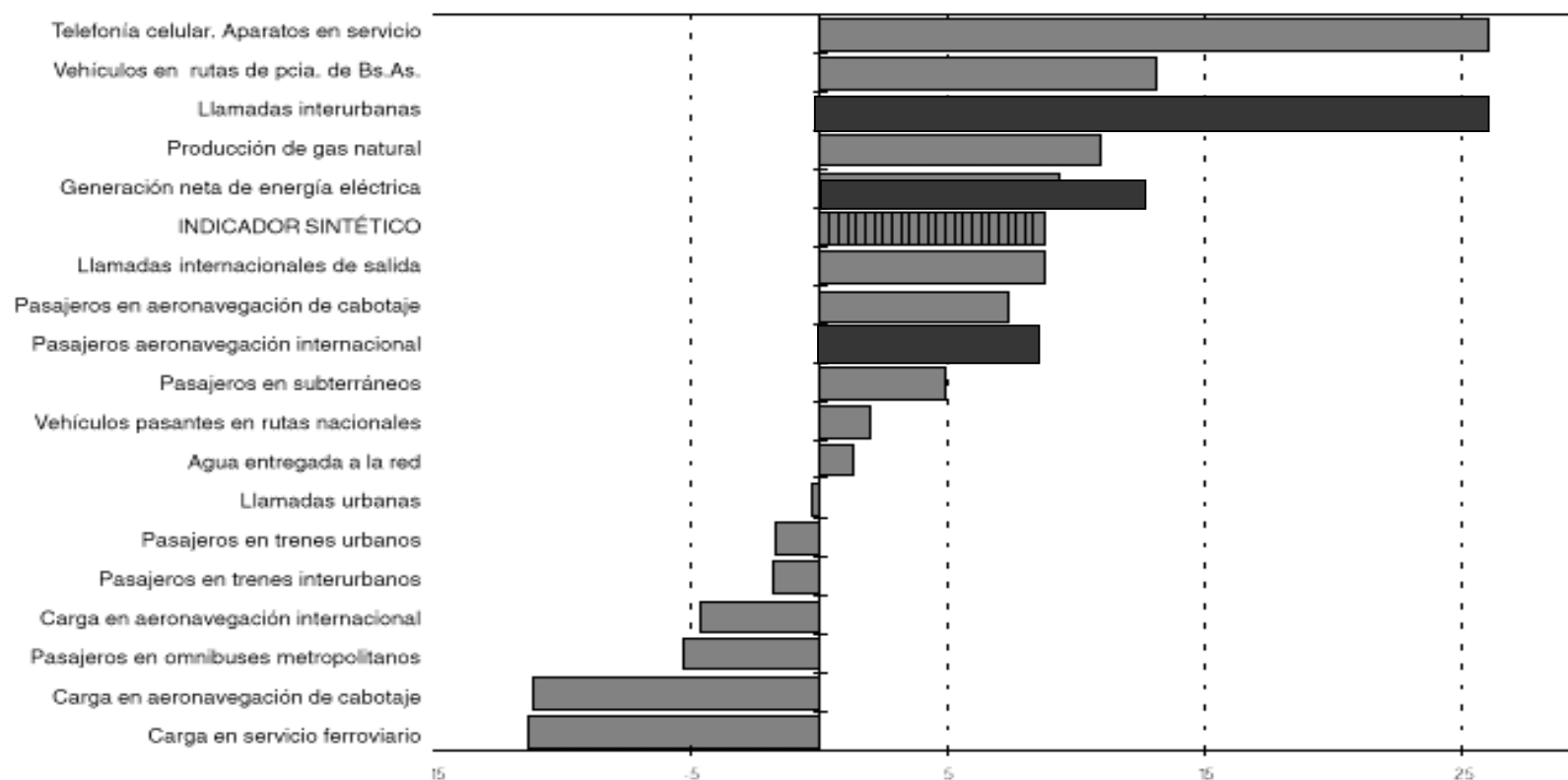
# Results Of The Privatization And Deregulation Efforts

## Public Services growth in spite of the world economic crisis

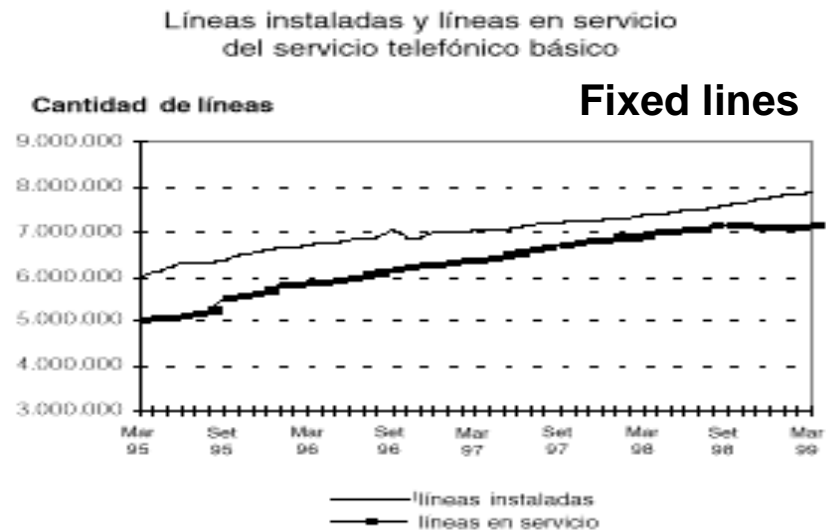
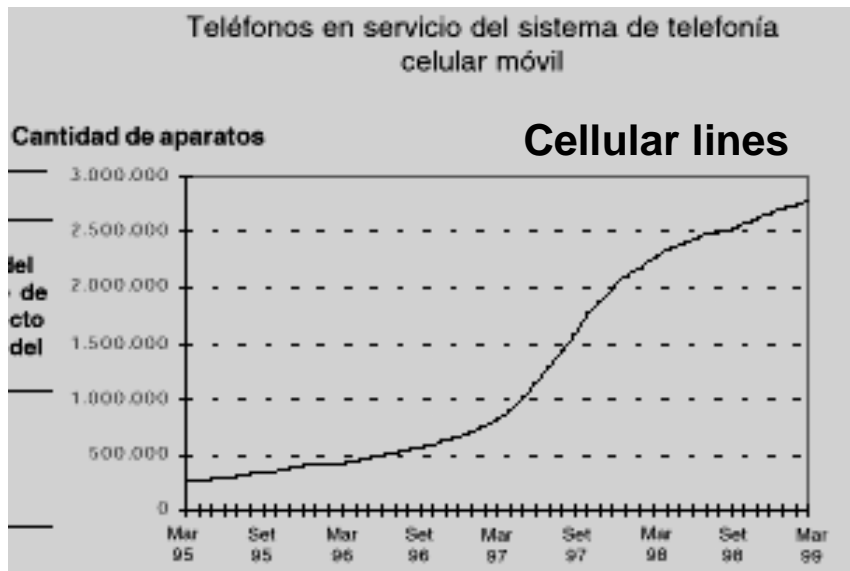


# Telecommunications Leads The Economy Growth

**Gráfico 4. SERIES SELECCIONADAS DE SERVICIOS PÚBLICOS**  
Variación porcentual del primer trimestre de 1999 con respecto a igual acumulado del año anterior



# Market Facts

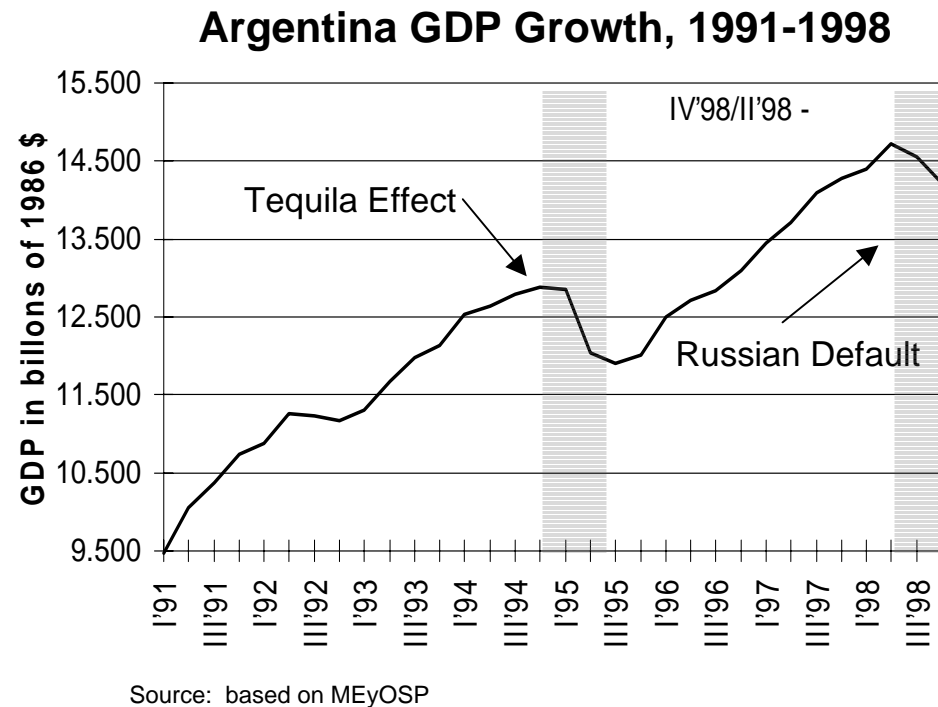


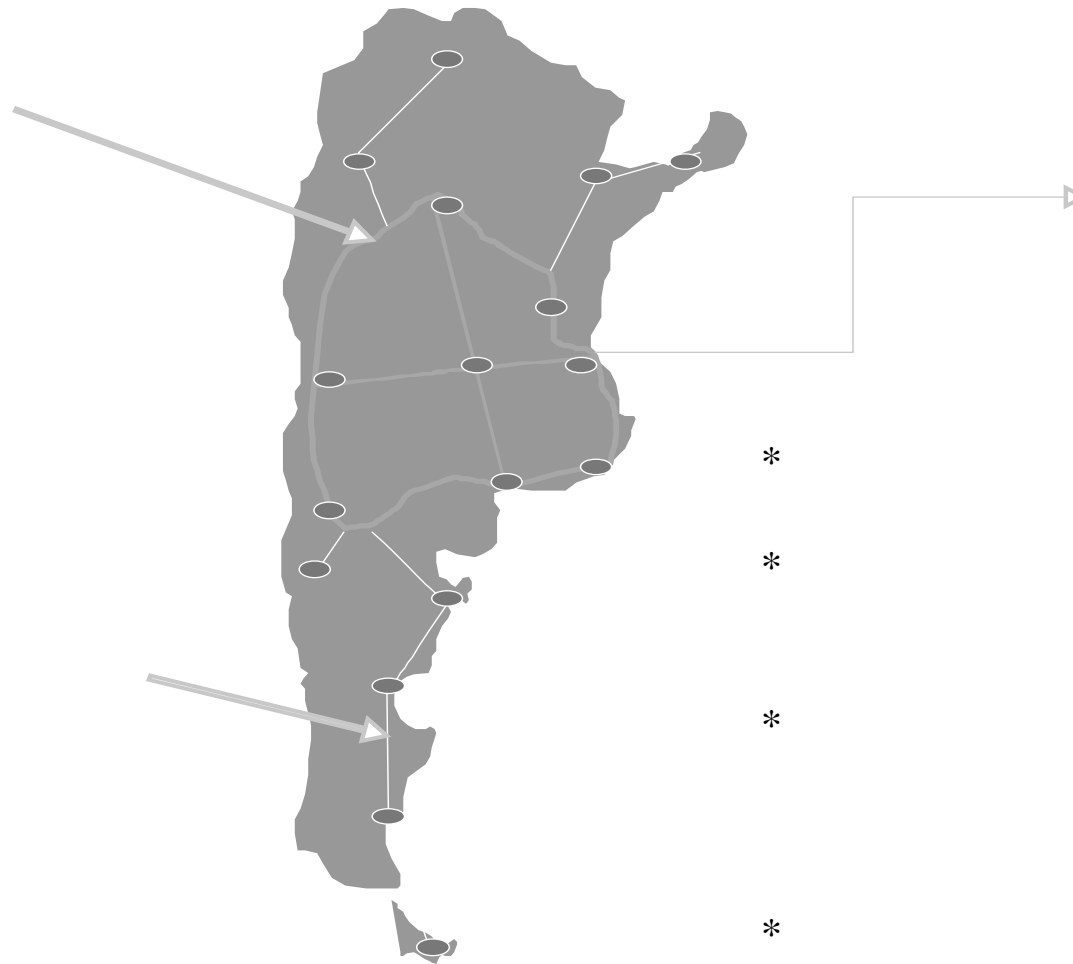
# Argentina successfully implemented economic reforms during the '90s.

- ✓ Fiscal and monetary discipline.
- ✓ Opening up of the economy.
- ✓ Deregulation of economic activities.
- ✓ Privatization.

## The challenge for the next years

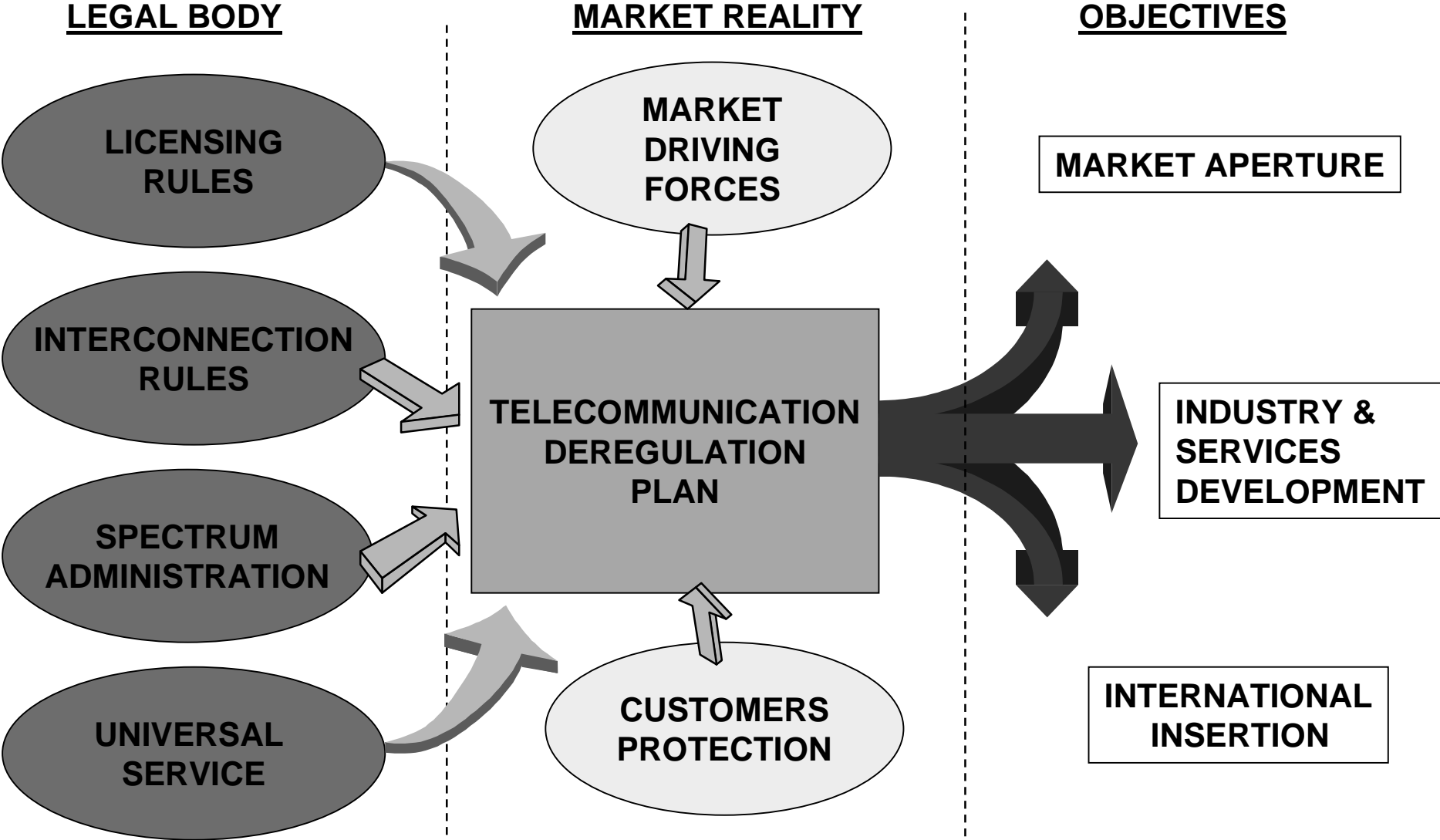
- ✓ Improvement of education quality.
- ✓ Higher competitiveness.
- ✓ Public sector efficiency.
- ✓ Labor market reform.
- ✓ Export growth and diversification.
- ✓ Domestic and foreign investment.





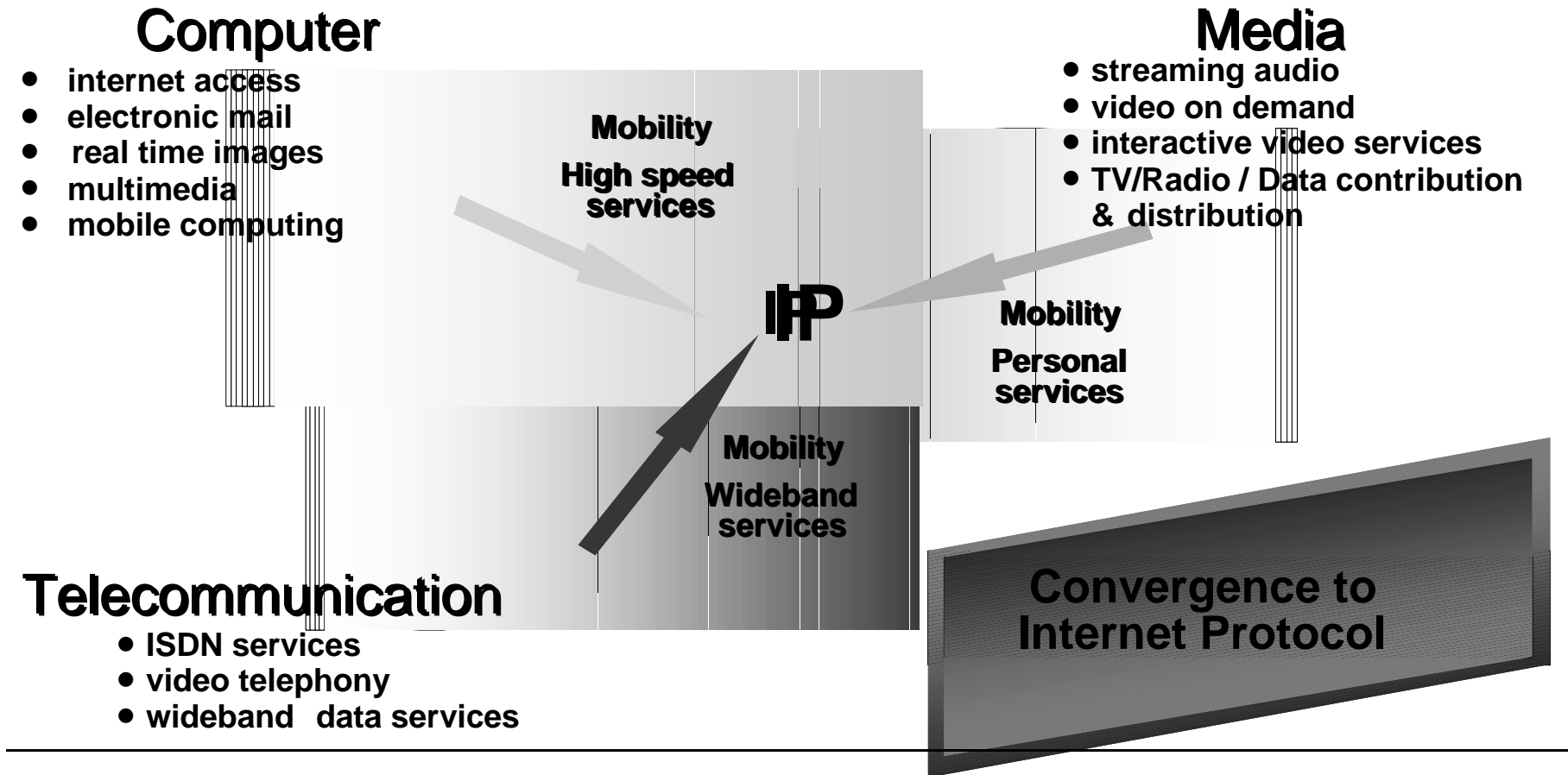
# NEXT STEPS

# NEW MARKET RULES LEADING THE INDUSTRY GROWTH



# **BUSINESS INTEREST**

# Industry Convergence



# **ENVIRONMENTAL CONDITIONS FOR THE HIGH-TECH INDUSTRY**

**Mercosur's US\$ 1.1 trillion GNP is similar to the United Kingdom's or Italy's and 22% higher than China's. It represents 13% of NAFTA's**

	<b>GNP US\$ (billions)</b>	<b>Population (millions)</b>	<b>Foreign Trade (US\$ billions)</b>
NAFTA	8.345,10	388	2.247,74
U.S.A	7.433,5	265	2.900,04
JAPAN	5.149,20	126	768,61
MERCOSUR*	1.108,80	226	224,55
CHINA	906,10	1.215	700,22



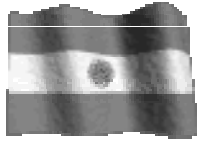
\* Including Chile and Bolivia as free trade zone associate members.

Source: IIE based on World Development Indicators 1998, The World Bank and Yearbook 1998, IMF.

**The Santiago de Chile - Belo Horizonte Business Corridor: 130 million inhabitants with a GDP per capita of around US\$ 7.000 a year...**



# Argentina in brief...



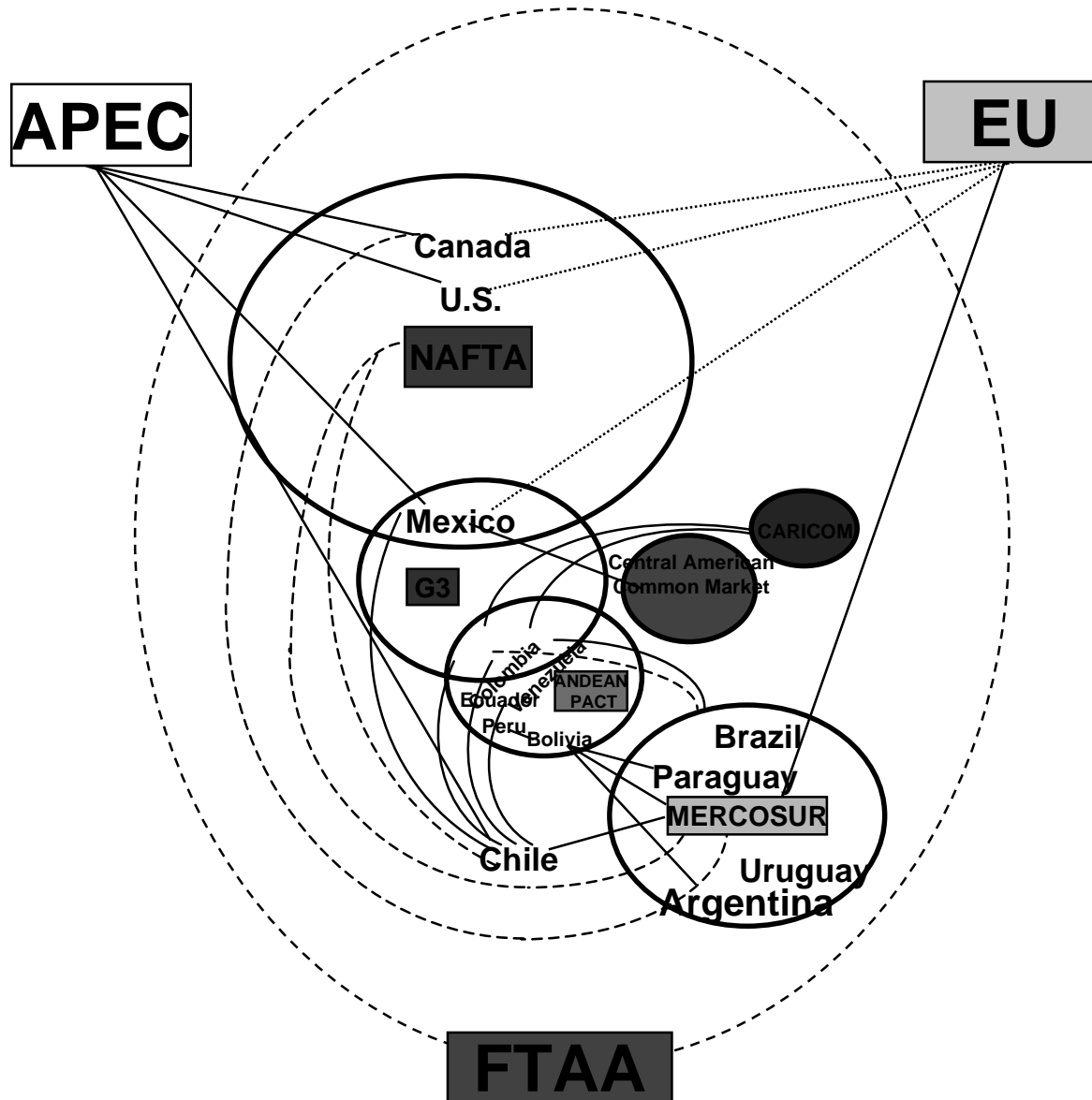
✧ <b>Area:</b>	<b>1.1 million sq. mi.</b>
✧ <b>Population:</b>	<b>36 million</b>
✧ <b>Urban Population:</b>	<b>88%</b>
✧ <b>GDP* per capita:</b>	<b>US\$ 9,530 (1996)</b>
✧ <b>GDP growth (91-98):</b>	<b>6% p.a.</b>
✧ <b>Exports:</b>	<b>US\$ 25.9 b. (1998)</b>
✧ <b>Imports:</b>	<b>US\$ 31.4 b. (1998)</b>
✧ <b>Exchange rate:</b>	<b>1 US\$ = 1 Peso</b>
✧ <b>Foreign Reserves:</b>	<b>US\$ 24 b. (Apr´99)</b>
✧ <b>Net Priv. Capital Flows:</b>	<b>US\$ 14.4 b. (1996)</b>
✧ <b>CPI:</b>	<b>0.9% (1998)</b>

\* measured in terms of purchasing power parity (World Bank)

Source: World Bank and INDEC.



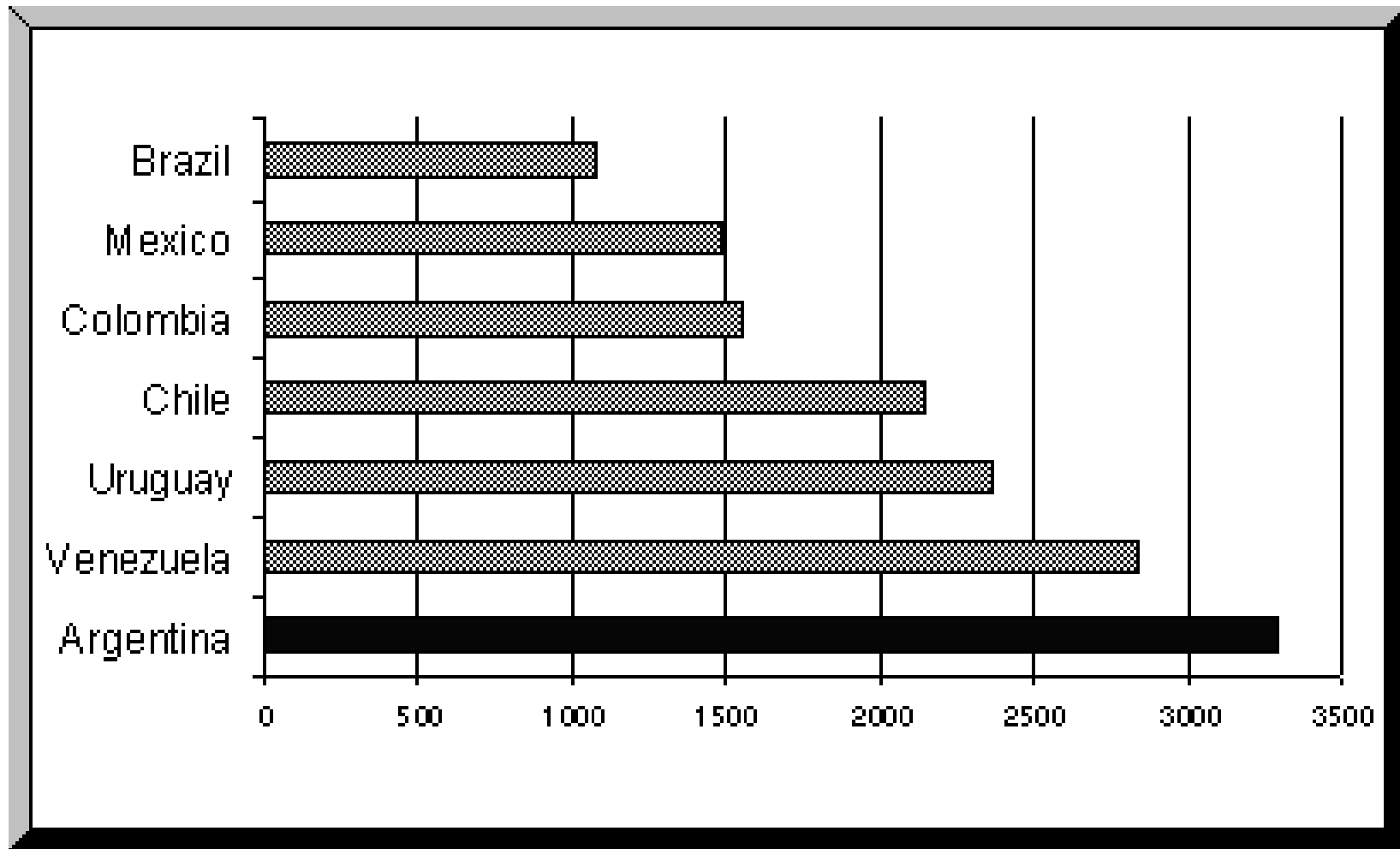
# Trade Agreements



# Latin America High Tech Software Data Matrix

	Business Infrastructure	Country Infrastructure	Available Skill Set	Government Leverage	Cost	Local R & D	Business Interest	Market drivers	Score	Country Rating	Decision Rating
<b>Weight</b>	<b>5</b>	<b>5</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>10</b>	<b>20</b>			
<b>Argentina</b>											
- Buenos Aires	5	5	20	7	14	3	4	18	80	A2	
- Cordoba	5	4	20	10	20	3	3	16	81	A1	1
<b>XXXX</b>											
- aaaaa	5	4	17	3	14	8	4	13	68	X1	3
- bbbbb	5	3	15	3	14	8	4	10	62	X2	
<b>ZZZZZ</b>	3	4	3	10	15	0	1	6	42		
<b>YYYYY</b>											
- fffff	3	4	14	8	17	0	8	14	68	Y2	
- ffff	4	4	12	9	16	0	8	14	67	Y3	
- nnnn	5	3	11	3	12	0	8	14	56	Y4	
- ppppp	4	4	17	9	16	0	8	14	72	Y1	2

## University's students per 100,000 inhabitants.



- ✓ **Argentina has been growing at a rate of 6% p.a. during the '90 decade.**
- ✓ **Argentina wants to continue achieving sustainable economic prosperity.**
- ✓ **An adequate macroeconomic policy and the continuity of the economic reforms are necessary.**
- ✓ **Globalization IS A CHALLENGE however a new High Tech Industry will help to build a better future in country and the region.**

**Having the essential and scarce human resources, there is capability for research and development of new technologies at local level by attracting world leading companies, and by means the development of medium and small-sized companies it is possible to create an intellectual capacity exports model**

⦿ Argentina is in a condition to develop in the high technology field a national strategy proposing an opening towards growth and distribution of employment and wealth.

⦿ Argentina has great human resources, with social, economic and cultural characteristics similar to the most developed countries. Nowadays, these are assets that not many countries have.

**“The world entered the 21<sup>st</sup> century on a wave of technology optimism. Far from bringing the world to a halt at the end of 1999, information and communications technologies (ICT) seem capable of generating a new level of global prosperity.”**

**“This ICT-led expansion is at risk, threatening the global economy. Global e-society stands at a turning point.”**

By Mc Connell International

**Action or inaction by national governments and industry leaders will produce a very mixed set of outcomes**

- 🌐 “Some countries will make technology a driver for a new national economy, leaping from an agrarian or industrial base into the knowledge economy”.
- 🌐 “Others will fail to take the necessary steps and will be left behind in the race for cyber markets.”

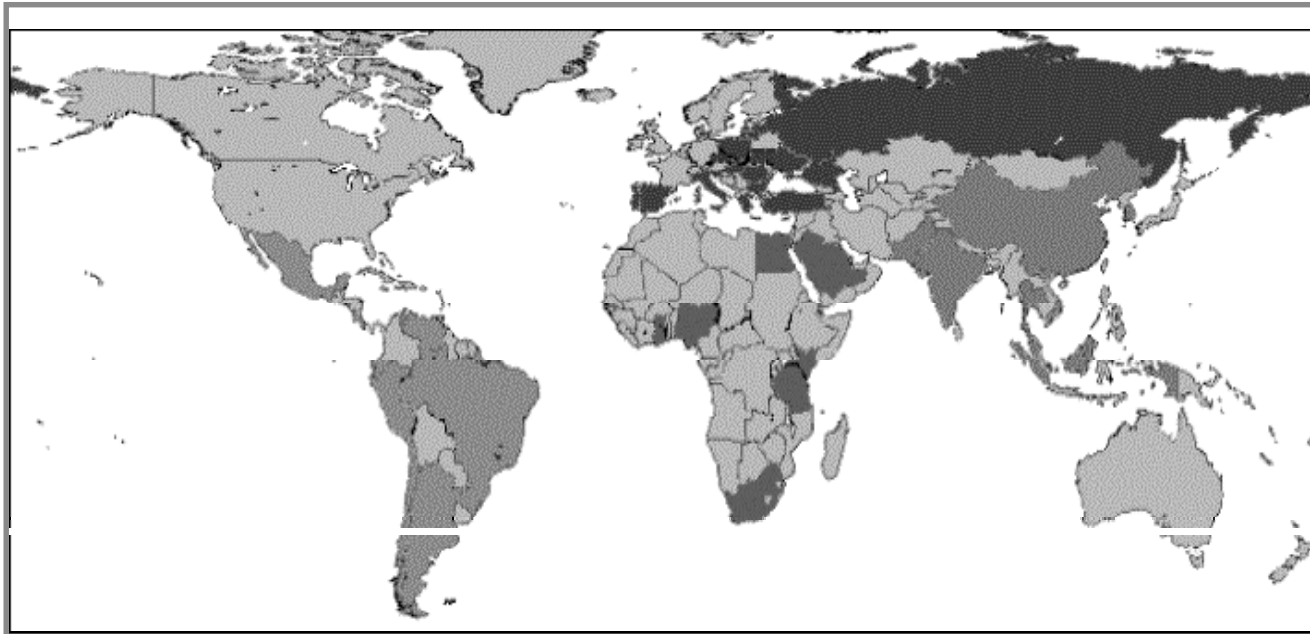
By Mc Connell International

# E-READINESS

The capacity of nations to participate in the digital economy

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**Risk E-Business: Seizing the Opportunity of Global E-Readiness (August 2000)**



**This report assesses the current E-Readiness of 42 critical national economies.**

**Published by Mc Connell International**

[www.mcconnellinternational.com](http://www.mcconnellinternational.com)

# E-READINESS

The capacity of nations to participate in the digital economy

“Who is poised to prosper in the networked economy?”

	Country	Connectivity	E-Leadership	Information Security	Human Capital	E-Business Climate
<b>The Americas</b>						
1	Argentina	A ↗	A	A	A	A ↗
2	Brazil	A	A ↗	A	A	R ↗
3	Chile	A ↗	A	A ↗	A	A ↗
4	Costa Rica	A	A ↗	R ↗	E	E
5	Ecuador	R	R	R	R	R ↗
6	Mexico	R ↗	A	A ↗	A	A
7	Peru	R	A ↗	A	R	A
8	Venezuela	R ↗	R ↗	R ↗	A	R ↗
<b>Asia / Pacific</b>						
9	China	R	A	R	A	A
10	India	R	A ↗	A ↗	A	A
11	Indonesia	R	R ↗	R	R ↗	R
12	Malaysia	R ↗	E	A	A	A ↗
13	Pakistan	R	R ↗	R	R	R
14	Philippines	R	R ↗	R ↗	A	R ↗
15	South Korea	A ↗	A ↗	A ↗	E	E
16	Taiwan	A ↗	E	A ↗	E	E
17	Thailand	R	A	R	R ↗	R ↗
18	Vietnam	R	R ↗	R	R	R

Risk E-Business: Seizing the Opportunity of Global E-Readiness (August 2000)

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E	Exe - indicates the majority of conditions are suitable to the conduct of e-business and e-government
A	Amber - indicates improvement needed in the conditions necessary to support e-business and e-government
R	Red - indicates substantial improvement needed in the conditions necessary to support e-business and e-government
up arrow	indicates improving relative to prior time periods
down arrow	indicates a coloring relative to prior time periods

# E-READINESS

The capacity of nations to participate in the digital economy

“Who is poised to prosper in the networked economy?”

	Country	Connectivity	E-Leadership	Information Security	Human Capital	E-Business Climate
	<b>Europe</b>					
19	Bulgaria	R ↗	A	R	A	R ↗
20	Czech Rep.	A ↗	A	A	A	R ↗
21	Estonia	A ↗	B	A	B	B
22	Greece	A	R ↗	A ↗	A	R
23	Hungary	A ↗	A ↘	A	B	A
24	Italy	A ↗	A	B	A ↗	A
25	Latvia	R ↗	R ↗	A	A ↗	A ↗
26	Lithuania	A	A	A	A	A
27	Poland	R ↗	A	A	A ↗	A
28	Portugal	A ↗	B	A ↗	A	A ↗
29	Romania	R	A	R	A	R ↗
30	Russia	R	R	R	A ↘	R
31	Slovakia	A	R ↗	A ↗	A	R ↗
32	Slovenia	A ↗	A ↗	A	A	R ↗
33	Spain	A ↗	A ↗	A ↗	A ↗	A ↗
34	Turkey	A	A	R ↗	A ↗	A
35	Ukraine	R	R	R	A ↘	R
	<b>Middle East/Africa</b>					
36	Egypt	R	A ↗	R	R ↗	R ↗
37	Ghana	R	A	R	R ↗	R ↗
38	Kenya	R	R	R	R	R
39	Nigeria	R	R	R	R	R
40	Saudi Arabia	R	R ↗	R ↗	R ↗	R ↗
41	South Africa	R ↗	A	A	R ↗	R ↗
42	Tanzania	R	R	R	R	R

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up arrow	indicates improving relative to prior time periods
down arrow	indicates a declining relative to prior time periods

**World Information Technology & Services Alliance  
Global Public Policy Conference**

**Cape Town • South Africa**

**10 & 11 September 2001**



- ◆ **First WITSA Conference in Africa**
- ◆ **Inaugural GPPC in Buenos Aires'99 Drew 500 Participants From Around the World; Including then President Carlos Menem**
- ◆ **Theme: “Bridging The Gap”:  
Digital Divide vs. Digital Opportunity Issues**

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