



**PRESENTATION ON GLOBAL TRADE BY  
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**Ladies and gentlemen,**

Let me first thank ASOCIO and AIIA for this opportunity to address such an influential gathering of ICT players from this region and beyond.

It is indeed a pleasure to catch up with Ian and my fellow panellists, Ashank Desai, Kumar Parakala and John Grant, as well as many familiar faces in the audience this morning.

We have met on numerous occasions in different parts of the world, and I'm happy to do so again in the beautiful city of Melbourne.

It's been some time since I was down under and I must say that Australia changed quite a bit. Yet, your country has retained the charm and beauty which it is famous for.

And as always, the people here are ... what can I say ... uniquely Australian in their welcome and hospitality.

So in response, I would like to say ... G'day mates!

**Distinguished guests, ladies and gentlemen,**

The year 2009 is drawing to a close. No doubt, many of us cannot wait for it to be over.

Without question, it has been the most difficult year in recent memory. For the first time in decades, the world economy is projected to contract and post negative growth.

Yet despite the global economic crisis, ICT or information and communications technology remains one of the fastest growing industries.

**(Slide 2: Table - Total ICT Spending by Region)**

According to Digital Planet, an annual publication by WITSA and Global Insight, global ICT spending in 2008 amounted to 3.8 trillion US dollars.

This figure was originally forecast to breach the 4 trillion US dollar mark by this year. But like almost every industry, ICT has taken a hit.

**(Slide 3: Bar Chart - Total ICT Spending by Region)**

Technology research house Gartner Inc. predicts global ICT spending to drop by as much as 4%. Not since the dot.com crash of 2001 have we faced such a slowdown. Yet, 4% is still considerably lower than the expected 10% fall in overall trade.

As a vertical component of global trade, ICT spending today constitutes about 20% of a total that includes merchandised and services exports.

**(Slide 4: Pie Chart – ICT trade as a component of total global trade 2008)**

That said, its impact on economic growth goes way beyond its share of the world's total trade, which in 2008 amounted to 19.5 trillion US dollars according to the World Trade Organization.

As a horizontal tool, ICT is an enabler of growth and development to all other industries that collectively contribute to the other 80% of global trade.

For it is ubiquitous in any and every industry, from traditional sectors like agriculture, manufacturing, medical and education to new ones like biotechnology and green tech.

Today, ICT tools like e-commerce, web portals, business matching and customer relations management systems are bringing a whole new dimension to how other industries operate, do business and reach out to markets.

Let me run through some examples to make my point.

In education, it is extending accessibility to education beyond the traditional modes of learning.

Today, hundreds of millions are tapping into online education to broaden their knowledge and enhance their capabilities.

In communications, ICT has revolutionized community networking by giving us such tools as mobile communications and the internet.

Likewise in healthcare, it is offering care givers new systems and structures for the collation and exchange of crucial medical data.

It is also becoming an indispensable tool for information dissemination on climatic changes, assisting many communities worldwide to make the necessary adjustments to crucial resources such as water, sustenance and agriculture.

Without ICT, we would not have the means to map the human brain in order to better understand how it functions.

We would not be able to build a simulated model of the brain that allows us to explore and better understand the wonders of the mind.

Without ICT, we would not have mapped the human genome and determined the sequences of the six billion bits of information that make up the human DNA.

We would not have made such advances in genetic engineering for the benefit of human health and the environment.

In short, our success adds to their success ... our growth stimulates their growth. Simply put, ICT enables, empowers and enriches.

### **Distinguished guests, ladies and gentlemen,**

All of us are anticipating a turnaround next year. After all, organizations like the International Monetary Fund have forecast an upswing of 2.5% for the global economy in 2010.

It would seem that the worst is over. That said, we find ourselves at a crossroads.

One path appears to offer immediate relief from job losses and failing businesses. The other promises a sustained recovery and long-term growth ... but only after what could well be a painful period of individual and collective sacrifice.

Already we are seeing some economies going down the first path. They are increasingly adopting protectionist measures to stem the rising tide of unemployment as well as current account and trade deficits.

It is clear that internal pressures are forcing these economies to close ranks and go on the defensive to protect their own national interests.

That may be a natural response. Yet, we would do well to recognize its far-reaching and long-term consequences.

The World Trade Organization holds the view that rising tariffs would further set back exporters already hard hit by the projected 10% dip in global trade this year.

Indeed, WTO Director-General Pascal Lamy has cautioned governments against what he calls an increasing inclination towards 'beggar thy neighbor' policies.

He said and I quote: "The impulse to go local in answer to the financial crisis must be resisted." Unquote.

### **Distinguished guests, ladies and gentlemen,**

Coming from export-oriented economies in the ASOSCIO region, our natural response is: "Why pull down shutters when we should be taking the initiative and opening up?"

Going on the defensive can only offer a temporary respite. At best, protectionism is merely a stop-gap measure. At worst, it could hamper and retard a global economic recovery that still needs affirmative policies and judicious nurturing.

Indeed, history has taught us that protectionist measures in the years following the Depression had brought on a double dip of economic pain.

Instead, what we need is a reversal of this approach.

What we need are courage and confidence to ride out the lingering effects of the crisis and sweep aside the possibility of a second shoe dropping.

What we need are aggressive promotion and active facilitation of global trade as the means to revitalizing the world economy.

Stimulating domestic consumption is a tried and tested prescription that has time and again rescued national economies from downturns and recessions.

Such Keynesian policies have gathered scores of advocates around the world. But they work best when governments join hands to open up and not clamp down.

With this in mind, there is no reason why greater cross-border trade cannot have the same effect on the global economy.

After all, trade creates jobs and builds businesses to raise income levels across the board. And in turn, this generates demand and fuels supply in both the developed and developing worlds.

**Distinguished guests, ladies and gentlemen,**

There is no question that trade facilitation forms a critical component of global economic recovery.

On this score, WITSA, the World Information Technology and Services Alliance, is aligned with the position taken by other global organizations like the World Bank, the IMF and the WTO.

Our common view is that the facilitation and promotion of international trade should play a key role in any post-crisis agenda.

Recently, I had the privilege of listening in on a presentation by John Wilson, the World Bank's lead economist, at the WITSA Global Public Policy Summit in Bermuda.

Let me now take this opportunity to share with you some of the salient developments that are set to impact on us all.

The World Bank has introduced a new 'Aid for Trade' program, which will be formally launched at the World Economic Forum in Davos next month.

**(Slide 5: Text – New Trade Facilitation ...)**

With an initial reserve of 40 million US dollars, this new facility will provide funding for trade facilitation projects.

This is over and above 34 existing trade-related projects run by the World Bank this year. In fact, its trade-related lending is at the highest level in recent years, having increased six-fold since 2003 to 3.4 billion US dollars in 2009.

**Distinguished guests, ladies and gentlemen,**

On our part, I'm happy to inform you that WITSA is also aggressively promoting cross-border trade within and between regions.

**(Slide 6: Graphics – WITSA Global Trade Committee)**

We recently launched a global trade portal that forms the platform for the introduction of three new initiatives.

These are initiatives aimed at encouraging global trade in ICT products and services as well as to attract investments to emerging knowledge economies.

They are ... one, the WITSA Trade Missions ... two, a Business Matching or B2B System ... and three, the establishment of WITSA Business Centers in every corner of the world.

**(Slide 7: Graphics2 – WITSA Global Trade Committee)**

The WITSA Trade Missions to selected destinations are organized to match ICT providers with buyers and aggregators through face-to-face meetings.

I am happy to note the success of the first such mission to Kuala Lumpur earlier this year and the second one to Melbourne that concluded on Monday.

**(Slide 8: Screen capture - WITSA Global Trade Portal)**

On the other hand, the WITSA Business Matching System is a virtual platform for buyers and sellers to search for and make contact with potential partners for trade and business.

Here. Let me take this opportunity to encourage our WITSA members and their affiliates to capitalize on this golden opportunity.

The third initiative is the establishment of WITSA business centers in various member economies as soft landing zones for our affiliates to seek out and pursue business prospects.

To date, we have set up nine such centers in eight countries and on four continents. We are committed to opening up four more such centers in the coming year. Our ultimate goal is to open a business center in every member economy to spur the growth of cross-border trade and investments in ICT.

**Distinguished guests, ladies and gentlemen,**

ICT is also the key to capitalizing on short-term opportunities arising from arbitrage and medium-term opportunities via aggregation and demand imbalances.

I am sure many of you are familiar with arbitrage, a practice commonly associated with trading in financial instruments such as currencies, stocks, bonds, futures and options.

Here, simultaneous transactions with the aid of the fastest computers and most technologically-advanced software take advantage of marginal price differences at volume to generate profit.

There are other forms of arbitrage that can also provide generous returns.

There is cost arbitrage that takes advantage of the marked differences in capital investment and operational expenditure for production and service provision.

There is labor arbitrage, where the differential lies as much in the availability of human capital as it does in the level of their wages.

Of late, the emphasis is increasingly shifting from cost to value arbitrage. In this case, it is the difference in quality, capability and capacity that takes precedence over the cost of doing business.

Then, there is the arbitrage in trading carbon credits as their prices vary between exchanges based in different continents.

Invariably, ICT plays a role in each of these forms of arbitrage, whether as a facilitator or as a communicator.

ICT is also a key player in facilitating demand aggregation by bringing together potential buyers and increasing their purchasing power.

Through the practice of aggregation, we can achieve economies of scale and reduce procurement costs.

In the case of demand imbalances, there has always been a considerable gap between the developed, the developing and the under-developed worlds.

For the developed economies, the challenge is in creating new markets and generating sustained demand. In other words, identifying areas where there is a demand imbalance to market their products and services.

To sustain such demand, however, requires the developing as well as under-developed economies to catch up and bridge this gap.

The current economic climate, however, has created an imbalance against the status quo of traditional disparities.

Dampened demand in the developed countries is producing a void that needs to be and can be filled by emerging nations.

Higher demand in the developing world can only be sustained through the growth of these economies.

Again, this is where ICT comes in ... as an economic driver and an enabler of industry and society.

**Distinguished guests, ladies and gentlemen,**

As I come to the end of my presentation, let me briefly recap some of the salient points.

ICT is emerging as arguably the most important industry around. It is a tool for empowerment. It is enabler of other industries. And in this way, it is also enricher of economies.

Thank you.