



For Immediate Release
Nov. 23, 2004

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WITSA Study: World IT Spending Rebounds Thanks Largely to Developing World

The worldwide information and communications technology (ICT) market is on the rebound and outpacing the global economy as a whole thanks largely to rapid growth in emerging markets, according to new data released today by the World Information Technology and Services Alliance (WITSA).

According to WITSA's biennial study, *Digital Planet: The Global Information Economy*, ICT spending is expected to grow faster than the global economy at approximately 8 percent a year from 2003 through 2007. The global economy at large is projected to grow 7.6 percent annually over that time. The WITSA projection follows a drop-off in global ICT spending from 2000 to 2001, marking a significant rebound in the last two years.

ICT spending in the United States is also growing, with a projected compound annual growth rate of 6.8 percent per year from 2003 through 2007, outpacing projected growth of the U.S. economy over that time by 1.2 percent. The U.S. will continue to spend the most on ICT, reaching approximately \$1.3 trillion in 2007. However, America is expected to relinquish its lead in per capita spending to second-place Switzerland in 2007, when the two nations are projected to spend \$4,147 and \$4,282 per capita, respectively.

Asia is projected to be a powerhouse of global growth in ICT spending during that time, growing at a compound annual rate of 9.3 percent from \$568.2 billion in 2003 to \$811.1 billion in 2007. Eastern Europe will grow fastest among world regions at a pace of 11.9 percent annually, but will top out at just \$68.8 billion in 2007. North America is expected to see the slowest growth rate at 6.7 percent, while Africa ranks third for anticipated pace of growth at 8.8 percent, ahead of Western Europe at 8.7 percent, the Middle East at 8.3 percent and Latin America at 6.8 percent.

"Spending growth in the developing world is driving increased political participation by those countries in the global technology and communications policy debate," said WITSA President Harris N. Miller. "As spending increases in the developing world, those nations are clamoring for a greater voice. The last two years have marked an emergence for these nations in the policies and politics of the Internet. Spearheaded by India and its successful entry into the software development market, other countries are following its lead in droves. The resulting competition has energized politicians at both ends of the spectrum as the developed countries fight to grow the jobs of their local constituents."

Like their peers in the developed world, open markets are the key to prosperity and influence in the global debate, Miller continued. "In many cases, calls from third-world governments for global regulation of the Internet are not reflecting the best interests of their nascent technology industries, nor, ultimately, their people. In order to fully benefit from the promise of IT, Governments must implement regulation only where strictly necessary, solicit industry input, and refrain from discriminatory taxes and regulations. The cost of doing e-business must remain low if developing nations are to enjoy their share of prosperity."

Other findings of the study include the following:

- The United States was the largest ICT spender in 2004, weighing in at \$1.06 trillion.
- China is projected to be the fastest growing top ten ICT spender, with a compound annual growth rate of 13.9 percent from 2003 through 2007.
- Second place South Korea is the only other top ten nation expected to grow at double digits, with a compound annual growth rate of 11.4 percent.
- Bangladesh is expected to grow at the highest rate worldwide from 2003-2007, with an annual compound growth rate of 20 percent from 2003-2007; Iran ranks third with a rate of 14.5 percent; China is sixth at 13.9 percent; and India rounds out the top ten at 13.4 percent.
- Bangladesh also spent the least on ICT per capita in 2004, just \$11 per capita.
- Japan was the second biggest ICT spender in 2004, weighing in at \$349 billion.
- Communications services and equipment has by far the largest share of global ICT spending at about 53 percent.
- The consumer market currently comprises 24 percent of total ICT spending with government and business accounting for the remaining 76 percent.
- When viewed as a percentage of global GDP, it is clear that the ICT build-up during the second half of the 1990s reached its pinnacle in 2000, when total ICT spending accounted for 7.4 percent of GDP. The study forecasts a 6.9 percent share in 2007.

Global Insight, a leading economic analysis, forecasting and financial information company, was commissioned by WITSA to conduct the study.

An order form to purchase copies of Digital Planet 2004 and a free executive summary of the report are available on the web at www.witsa.org.

About WITSA

The World Information Technology and Services Alliance ([WITSA](http://www.witsa.org)) is a consortium of information technology (IT) industry associations from 65 economies around the world, representing over 90 percent of the world's IT market. As the global voice of the IT industry, WITSA is dedicated to advocating policies that advance industry growth and development; facilitating international trade and investment in IT products and services; strengthening WITSA's

national industry associations; providing members with a broad network of contacts; and overseeing the World Congress on Information Technology, the premier industry sponsored global IT policy event.