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(ESCWA)

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**GLOBALELECTRONICTRENDS**

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# Global Electronic Commerce Trends

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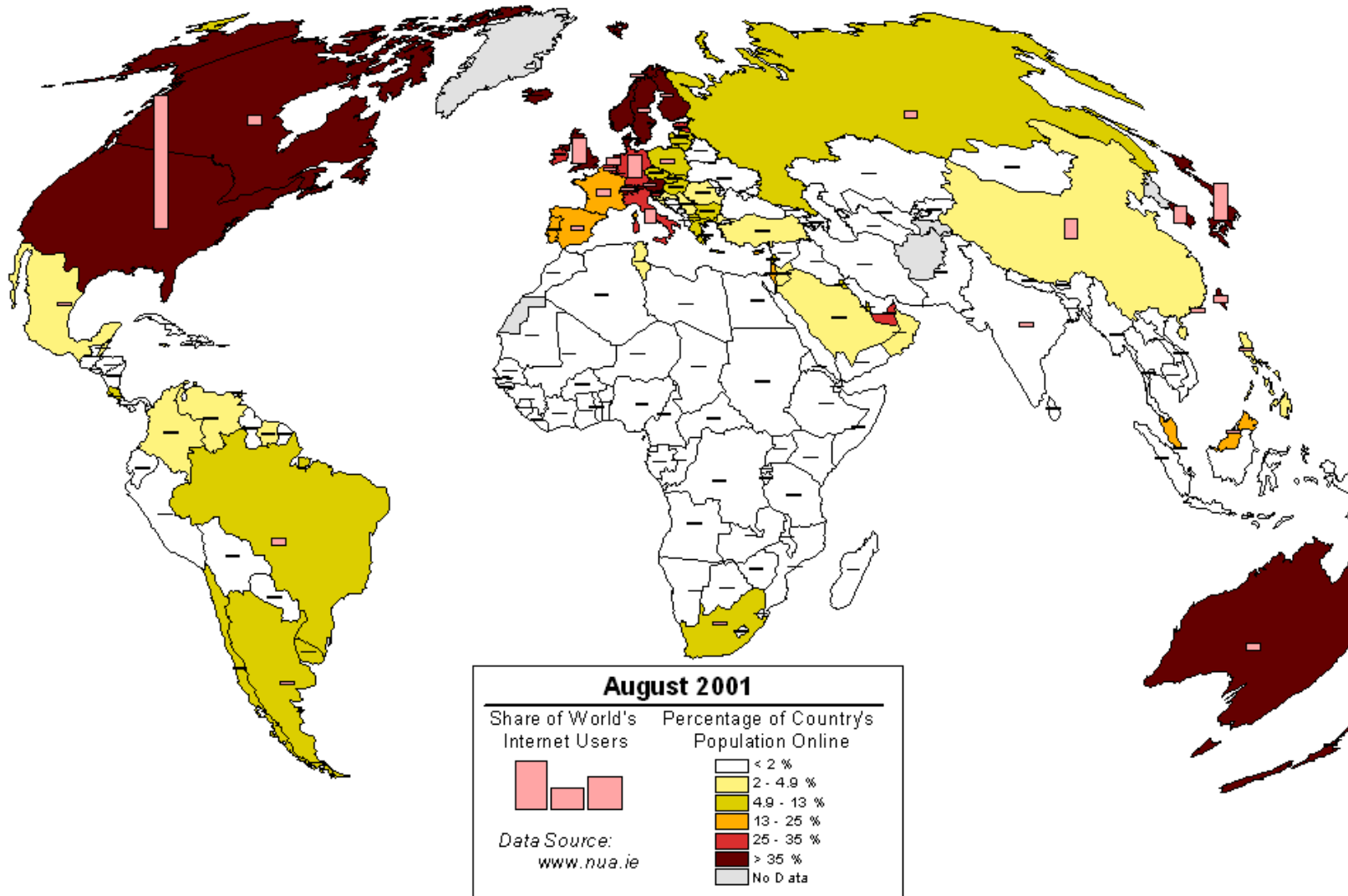
PR Manager

Microsoft Eastern Mediterranean

# Overview

- Global Internet Usage
- Worldwide Electronic Commerce
- Impact of Electronic Commerce
- Economic Potential of the Internet on Businesses
- Economic Impact of Information Technology
- Widening of Digital Divide
- What is Microsoft doing to realize the region's potential

# Internet Users Worldwide



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## INTERNET USAGE BY WORLD REGIONS

World Regions	Population 2002 (Est.)	Usage ( Year 2000 )	Usage Latest Data	(%) Users	Growth ( 2000-2002 )	% Population Penetration
	858,584,600	4,514,400	6,866,400	1.1 %	52.1 %	0.8 %
	853,234,000	126,157,000	222,238,795	36.6 %	76.2 %	26.0 %
	3,550,767,300	114,303,000	185,458,120	30.5 %	62.3 %	5.2 %
	727,252,160	103,075,900	172,834,809	28.4 %	67.7 %	23.8 %
	246,344,400	5,272,300	7,165,407	1.2 %	35.9 %	2.9 %
	31,080,240	7,619,500	13,069,833	2.2 %	71.5 %	42.1 %
<b>WORLD TOTAL</b>	6,267,262,700	360,942,100	<b>607,633,364</b>	<b>100 %</b>	68.3 %	9.7 %

# Worldwide Internet Usage

- 1 in 6 people use the Internet in North America and Europe. (NUA)
- In Europe, the number of Internet users should leap from 28.4% to 67% in the next three years, which means that as many as 200 million European users are expected to be online by 2006, according to Forrester Research.
- The number of women using the Internet worldwide passed 96 million or 45 percent of the world's Internet users in 2001. (Computer Economics)
- In 1993, there were 26,000 domain names in use. In 1999, there were 5 million web sites. (U.S. Department of Commerce/Netcraft)
- In 1993, 3 million people were connected to the Internet. By the end of 2003, more than 560 million people worldwide will be connected (ITU).

#	Country or Region	Population ( Est. 2002 )	Users Latest Data	(%) Users	Growth (2000-2002)	% Population (Penetration)	Date of Latest Data
1	United States	288,212,300	172,062,014	28.3 %	80.4 %	59.7 %	Jan/2003
2	Japan	127,459,100	59,356,382	9.8 %	26.1 %	46.6 %	Jan/2003
3	China	1,306,668,400	58,000,000	9.5 %	157.8 %	4.4 %	Jan/2003
4	Germany	81,947,100	37,098,661	6.1 %	54.6 %	45.3 %	Feb/2003
5	United Kingdom	59,751,900	28,995,205	4.8 %	88.3 %	48.5 %	Feb/2003
6	South Korea	48,651,900	25,650,000	4.2 %	34.7 %	52.7 %	Jul/2002
7	Italy	58,082,500	18,697,197	3.1 %	41.6 %	32.2 %	Jul/2001
8	Canada	31,496,800	16,841,811	2.8 %	32.6 %	53.5 %	Mar/2002
9	France	59,107,500	15,995,853	2.7 %	88.2 %	27.1 %	Feb/2003
10	Brazil	176,274,400	14,322,369	2.4 %	186.4 %	8.1 %	Feb/2003
11	Spain	41,153,400	12,284,589	2.0 %	128.0 %	29.9 %	Feb/2003
12	Taiwan	23,294,700	11,602,523	1.9 %	85.3 %	49.8 %	Nov/2002
13	Australia	19,606,300	10,792,602	1.8 %	63.5 %	55.0 %	Feb/2003
14	Netherlands	16,179,500	10,074,033	1.7 %	158.3 %	62.3 %	Feb/2003
15	India	1,047,074,600	7,000,000	1.2 %	40.0 %	0.7 %	Dec/2001
16	Sweden	8,870,100	6,025,928	1.0 %	48.9 %	67.9 %	Feb/2003
17	Malaysia	23,396,700	5,700,000	1.0 %	54.1 %	24.4 %	Dec/2001
18	Hong Kong	6,800,000	4,413,619	0.7 %	93.3 %	64.9 %	Feb/2003
19	Russia	142,881,200	4,300,000	0.7 %	38.7 %	3.0 %	Dec/2001
20	Switzerland	7,464,300	4,052,836	0.7 %	89.9 %	54.3 %	Feb/2003
21	Indonesia	217,728,300	4,000,000	0.7 %	100.0 %	1.8 %	Dec/2001
22	Argentina	36,508,600	3,882,526	0.6 %	55.3 %	10.6 %	Jul/2001
23	Poland	38,601,700	3,800,000	0.6 %	35.7 %	9.8 %	Dec/2001
24	Belgium	10,274,700	3,769,123	0.6 %	88.5 %	36.7 %	Apr/2002
25	Thailand	62,456,900	3,536,000	0.6 %	53.7 %	5.7 %	Dec/2001
<b>TOP25 Countries</b>		3,939,942,900	<b>543,046,332</b>	<b>89.4 %</b>	71.4 %	13.3 %	Feb/2003
Next 208 Countries		2,327,319,800	64,587,032	10.6 %	46.3 %	2.8 %	Nov/2002
<b>Total World - Users</b>		6,267,262,700	<b>607,633,364</b>	<b>100.0 %</b>	68.3 %	9.7 %	Feb/2003

Source: Internet World Stats (IWS). [www.internetworldstats.com](http://www.internetworldstats.com)

# Internet Usage in the Arab World

- In the Arab world, the number of Internet users will reach 25 million by the end of 2005 and Internet penetration rate will grow to eight percent, almost triple the current rate, according to Madar Research Group.
- The United Arab Emirates (UAE) has the highest Internet penetration rate in the Arab world with 27.69 percent of the population having access to the Net. Bahrain has the second highest penetration rate in the region with 22.06 percent.
- Both UAE and Bahrain are expected to increase their penetration rates substantially over the coming years with 38 percent of the UAE having Net access by year-end 2005, compared to 32 percent in Bahrain.



## Internet Usage in the Arab World (contd.)

- Currently, Saudi Arabia has the single largest Internet community among all Arab countries with 1.6 million Internet users. Egypt and the United Arab Emirates follow with 1.5 million and 900,000 users respectively.
- By the end of 2005, Egypt will have the highest number of Internet users in the Arab region with 6.5 million Net users. Saudi Arabia will have the second highest number of Internet users in the Arab world with 4.48 million users, while Algeria will have 2.4 million.
- However, while most Arab nations are expected to see significant rises in their online populations, Syria, Iraq, Yemen and Sudan will continue to trail behind other countries despite two- and threefold increase in Internet user numbers.
- The Arab world population is estimated at 280 million people.

## Internet Usage in the Middle East

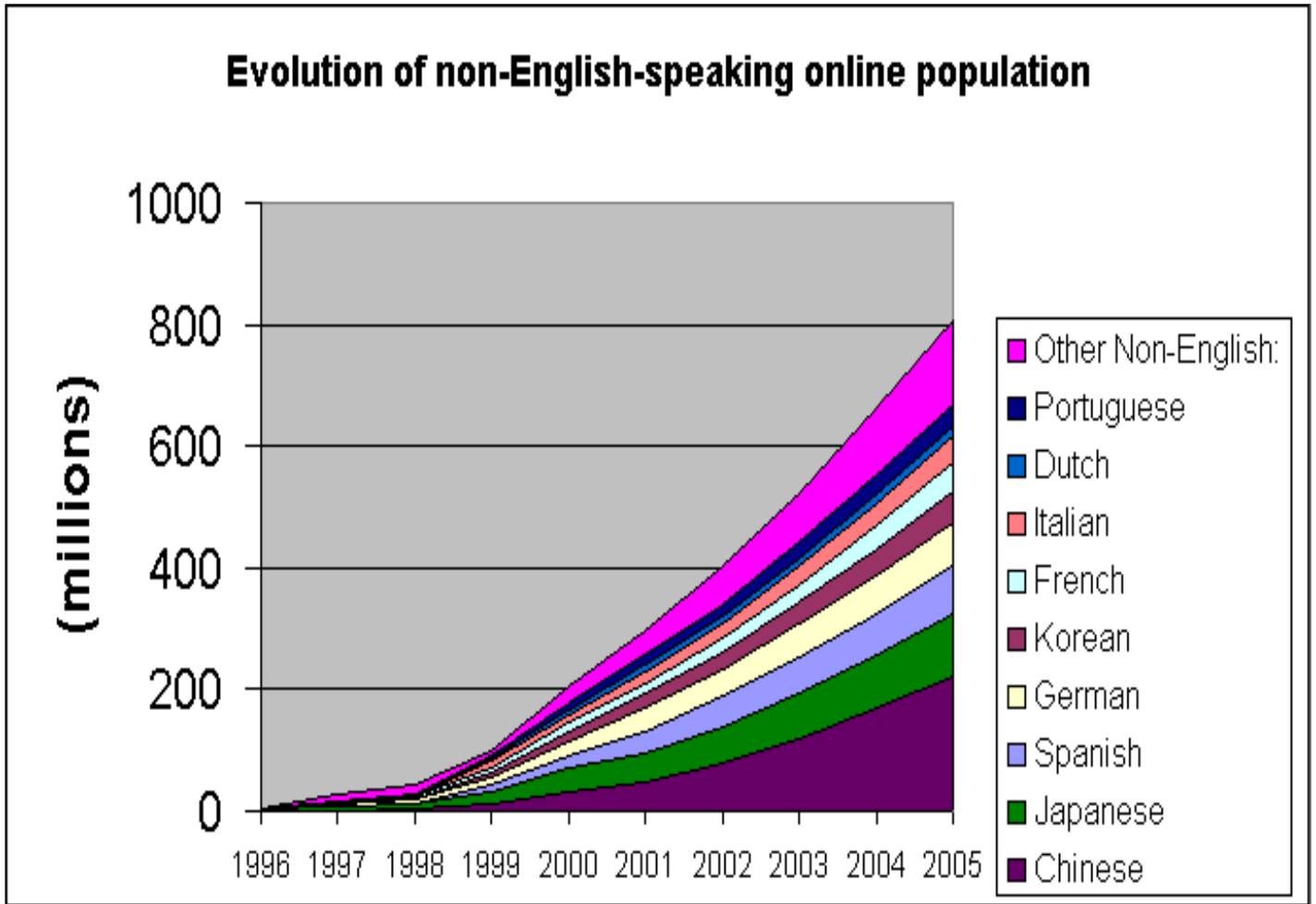
	Population (Est. 2002)	Usage as of Dec/2000	Usage Latest Data	(%) Users	Growth (2000-2002)	Penetration % Population
<b>Bahrain</b>	703,500	40,000	140,200	2.0 %	250.5 %	19.9 %
<b>Iraq</b>	25,537,700	-	12,500	0.2 %	-	0.05 %
<b>Iran</b>	65,529,100	250,000	402,000	5.6 %	60.8 %	0.6 %
<b>Israel</b>	6,413,800	1,270,000	1,939,207	27.1 %	52.7 %	30.2 %
<b>Jordan</b>	5,430,400	127,300	212,000	3.0 %	66.5 %	3.9 %
<b>Kuwait</b>	1,984,000	150,000	200,000	2.8 %	33.3 %	10.1 %
<b>Lebanon</b>	4,003,600	300,000	262,500	3.7 %	- 12.5 %	6.6 %
<b>Oman</b>	2,971,300	90,000	120,000	1.7 %	33.3 %	4.0 %
<b>Palestine (West Bk.)</b>	3,252,700	35,000	60,000	0.8 %	71.4 %	1.8 %
<b>Qatar</b>	610,500	30,000	40,000	0.6 %	33.3 %	6.6 %
<b>Saudi Arabia</b>	22,147,500	200,000	300,000	4.2 %	50.0 %	1.4 %
<b>Syria</b>	17,868,100	30,000	60,000	0.8 %	100.0 %	0.3 %
<b>Turkey</b>	70,140,900	2,000,000	2,500,000	34.9 %	25.0 %	3.6 %
<b>United Arab Emirates</b>	3,100,400	735,000	900,000	12.6 %	22.4 %	29.0 %
<b>Yemen</b>	16,650,900	15,000	17,000	0.2 %	13.3 %	0.1 %
<b>TOTAL</b>	<b>246,344,400</b>	<b>5,272,300</b>	<b>7,165,407</b>	<b>100 %</b>	<b>35.9 %</b>	<b>2.9 %</b>

Source: Internet World Stats (IWS). [www.internetworldstats.com](http://www.internetworldstats.com)

## Global Internet Statistics (by Language)

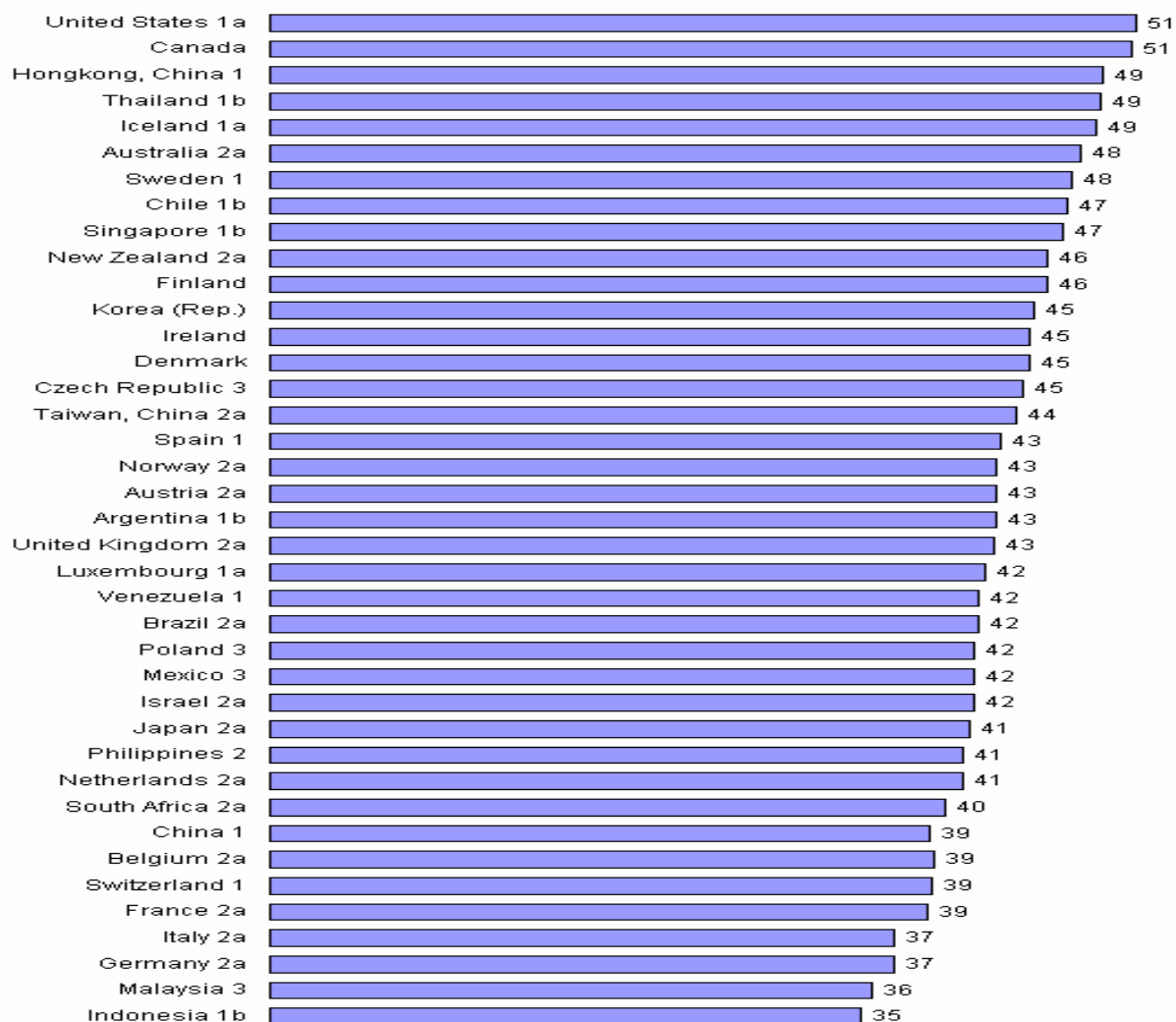
	Internet access (M)	Percentage of world online population	2004 (est. in M)	Total Population (M)	GDP (\$B)	Percentage of world economy	GDP per capita (K)	Net Hosts
<b>ENGLISH</b>	230.6	36.5%	280	508	\$13,812	33.4%		
<b>NON-ENGLISH</b>	403.5	63.5%	657	5633	\$27,590	66.6%		
<b>EUROPEAN LANGUAGES (non-English)</b>	224.1	35.5%	328	1,218	\$12,550	30.3%		
<b>TOTAL EUROPEAN LANGUAGES (excl. English)</b>	224.1	35.5%	328	1,218	\$14,112	33.9%		24,529
<b>ARABIC</b>	5.5	0.9%	7	300	\$678	1.6%	\$4.2	95
<b>TOTAL ASIAN LANGUAGES</b>	179.4	28.3%	329					10,440
<b>TOTAL WORLD</b>	619		940	6,200	\$41,400			

Source: Global Reach ([global-reach.biz/globstats](http://global-reach.biz/globstats))



Source: Global Reach

### Female Internet users as % of total Internet users, 2002

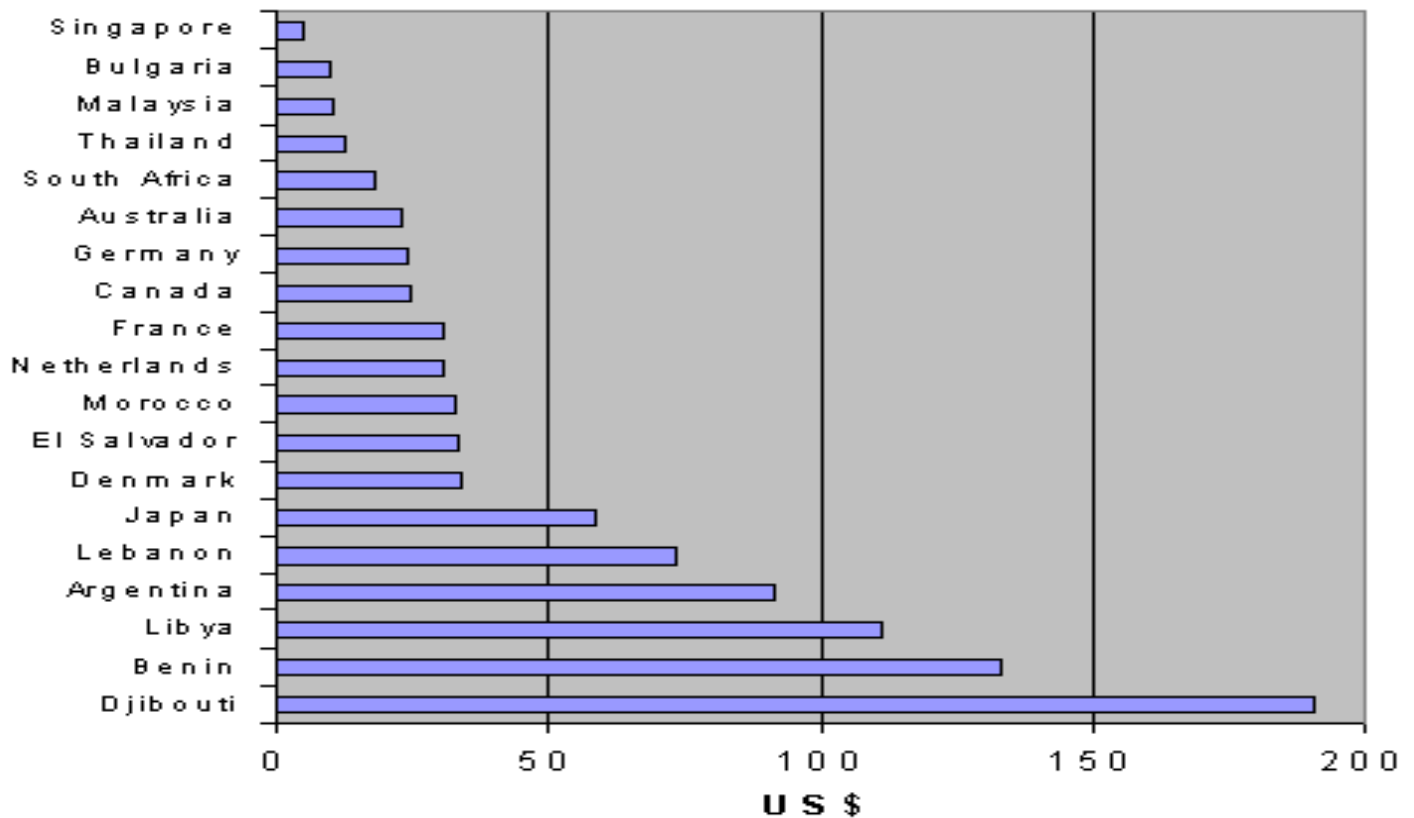


Note: 1=National source. 2=Nielsen/NetRatings. 3=TNS. a=2001. b=2000.  
 Source: International Telecommunication Union (ITU).



# Dial Up Internet Tariffs

Dial-up Internet Tariffs, 2001  
( 30 hours per month )



# Electronic Commerce Growth

- The size of the global Internet economy will exceed \$2.8 trillion by 2003, according to International Data Corp. (IDC).
- Forrester Research predicts that by 2004, online commerce will reach \$6.8 trillion. This huge amount comprises Forrester's projection for both business-to-business and business-to-consumer transactions online.
- The analyst firm projects that while the United States and North America currently preside over the majority of online transactions. However, that will shift in the coming years as Asia and European nations become more active.
- The U.S. will have 47% of the world e-commerce, Japan 13%, Germany 5.7%.

# The Internet and Businesses

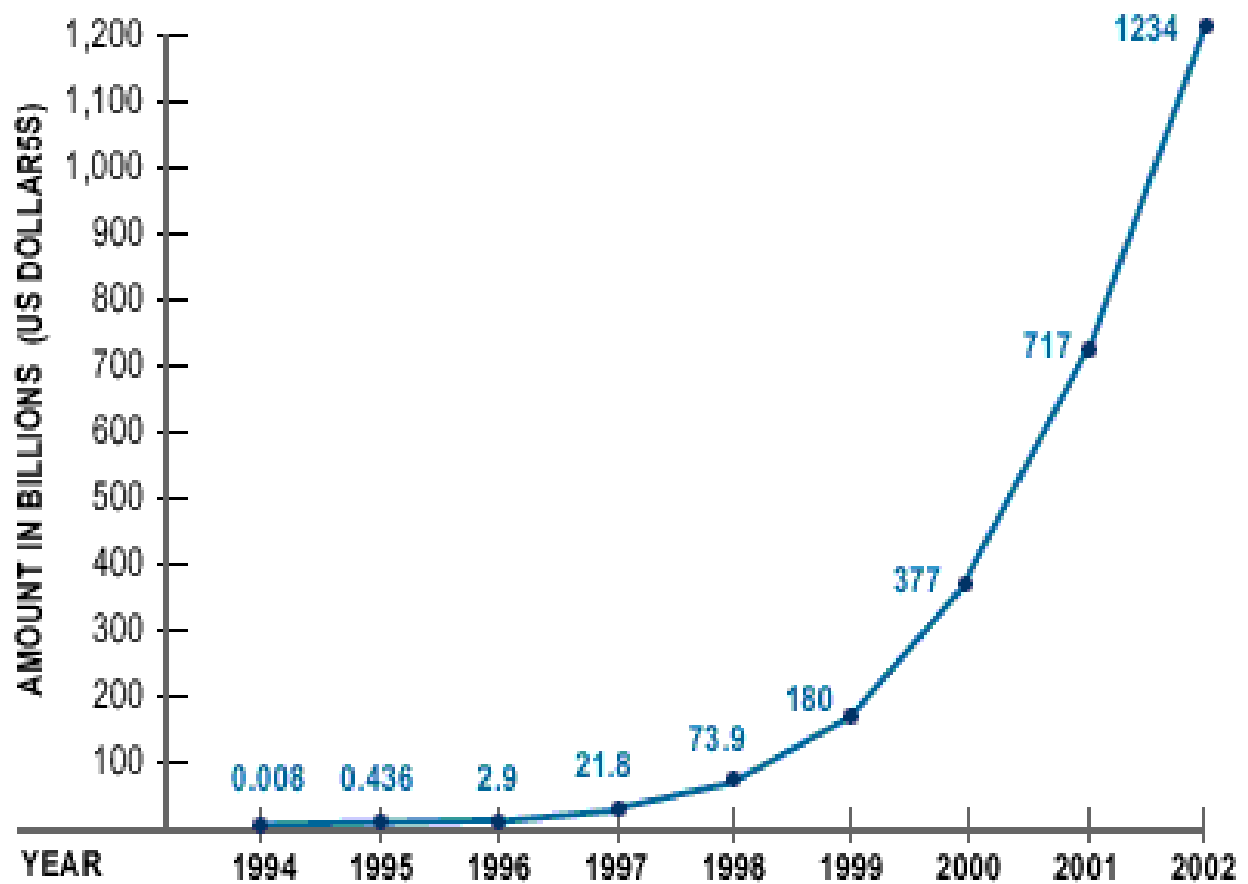
- Small businesses that use the Internet have grown 46% faster than those that do not. (American City Business Journals)
- Forty-four percent of U.S. companies are selling online; 36% more say they will do so by the end of the year. (Association of National Advertisers)
- Forrester Research reports, online advertising is expected to reach \$33 billion worldwide by 2004.
- Small and home offices spent \$51.1 billion on high-tech goods in 1998. (IDC)



# Economic Potential of the Internet

- **Reducing transaction costs.** Because routine transactions are handled more quickly, conveniently, and inexpensively using Internet technology, many firms—especially those in data-intensive industries such as financial services and health care—can significantly reduce costs, as can the government sector.
- **Boosting management efficiency.** Using the Internet as a management tool in product development, supply-chain management, and other aspects of business performance can make economic sectors more efficient and, in the process, cause significant restructuring of those sectors.
- **Increasing competition, making prices more transparent, and broadening markets.** The Internet has the potential to bring markets closer to the textbook model of perfect competition, in which large numbers of buyers and sellers bid in a market with perfect information.
- **Increasing consumer choice, convenience, and satisfaction.** Many of the benefits of enhanced productivity will become evident in greater consumer convenience and expanded choices.

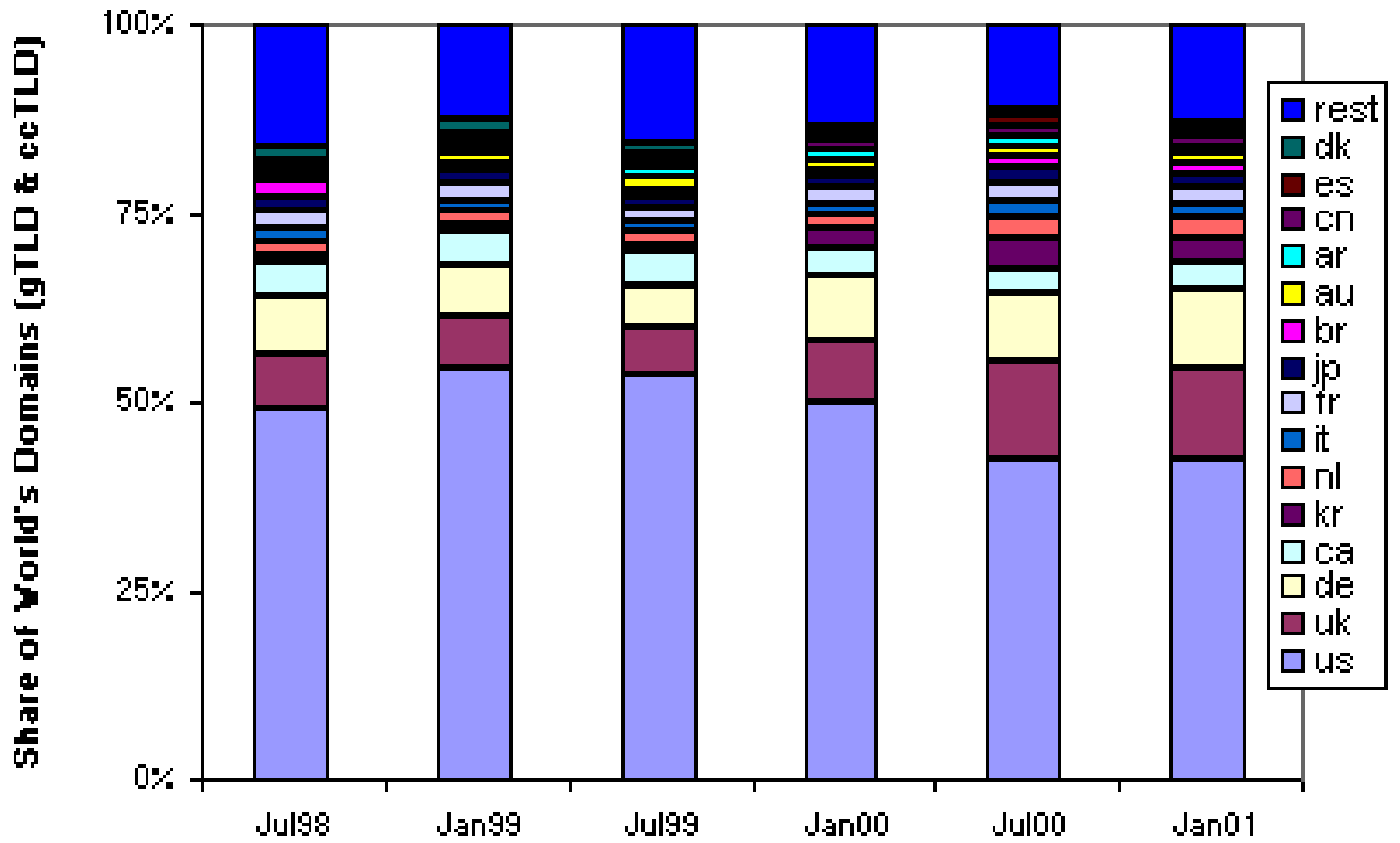
### Internet generated revenue 1996 - 2002



## Worldwide eCommerce Growth

	2000	2001	2002	2003	2004	% of total sales in 2004
<b>Total (\$ B)</b>	\$657.0	\$1,233.6	\$2,231.2	\$3,979.7	\$6,789.8	8.6%
<b>North America</b>	\$509.3	\$908.6	\$1,498.2	\$2,339.0	\$3,456.4	12.8%
United States	\$488.7	\$864.1	\$1,411.3	\$2,187.2	\$3,189.0	13.3%
Canada	\$17.4	\$38.0	\$68.0	\$109.6	\$160.3	9.2%
Mexico	\$3.2	\$6.6	\$15.9	\$42.3	\$107.0	8.4%
<b>Asia Pacific</b>	\$53.7	\$117.2	\$286.6	\$724.2	\$1,649.8	8.0%
Japan	\$31.9	\$64.4	\$146.8	\$363.6	\$880.3	8.4%
Australia	\$5.6	\$14.0	\$36.9	\$96.7	\$207.6	16.4%
Korea	\$5.6	\$14.1	\$39.3	\$100.5	\$205.7	16.4%
<b>Western Europe</b>	\$87.4	\$194.8	\$422.1	\$853.3	\$1,533.2	6.0%
Germany	\$20.6	\$46.4	\$102.0	\$211.1	\$386.5	6.5%
United Kingdom	\$17.2	\$38.5	\$83.2	\$165.6	\$288.8	7.1%
France	\$9.9	\$22.1	\$49.1	\$104.8	\$206.4	5.0%
Italy	\$7.2	\$15.6	\$33.8	\$71.4	\$142.4	4.3%
Netherlands	\$6.5	\$14.4	\$30.7	\$59.5	\$98.3	9.2%
<b>Latin America</b>	\$3.6	\$6.8	\$13.7	\$31.8	\$81.8	2.4%

Source: Forrester Research, Inc.

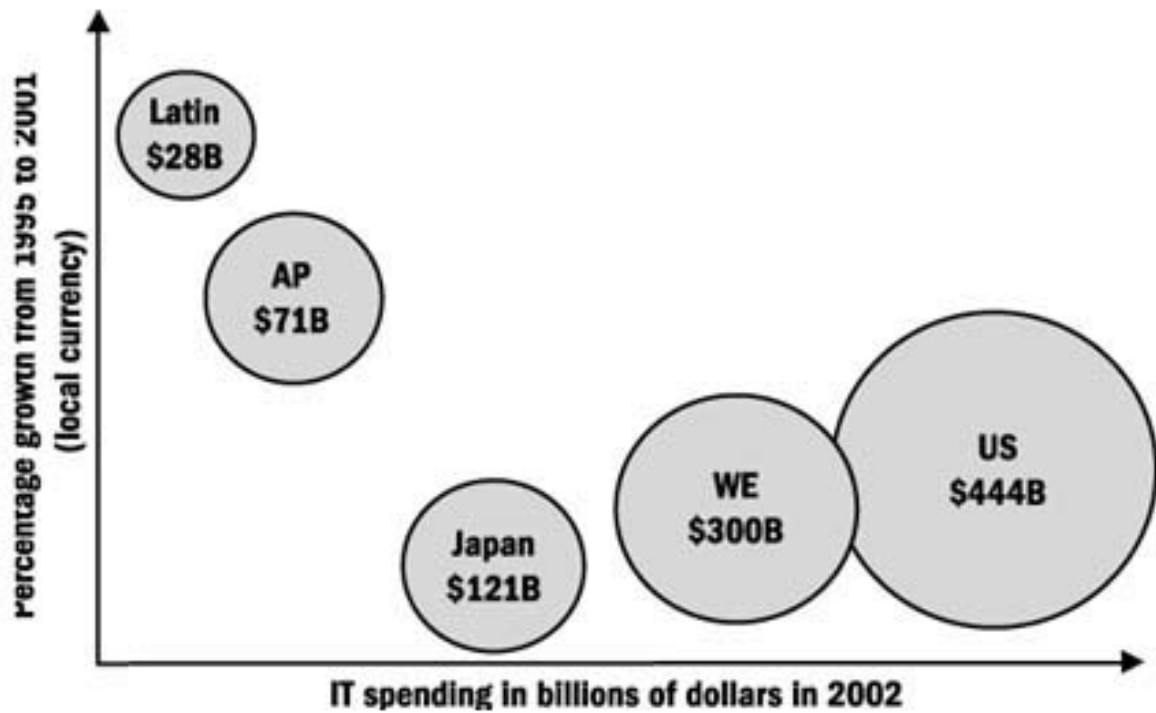


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# Economic Impact of Information Technology

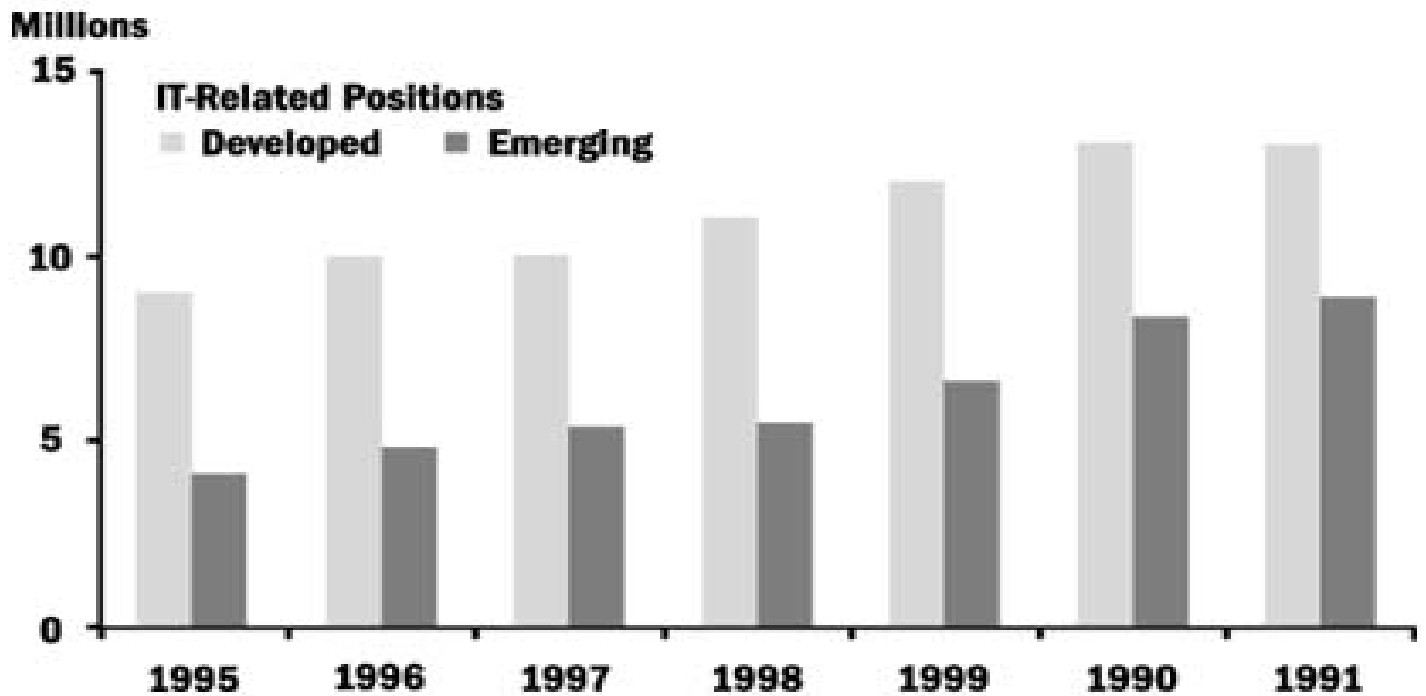
- The worldwide IT industry is currently more than \$1 trillion and is expected to grow to more than \$1.5 trillion by 2006. Spending on services and software will grow twice as fast as spending on hardware.
- Employment is divided by about one third industry participants and two thirds IT professionals in IT-using organizations; about 70 percent of industry jobs are in the service and channels sector.
- IT-related employment between 1995 and 2001 grew 50 percent faster than the developed-countries employment rate—more than 7 percent a year from 1995 through 2001.
- Tax revenues for governments from IT-related activities have grown more than 40 percent since 1995 and should grow another 40 percent by 2005.
- Asia is expected to lead in IT spending with China projected to grow the fastest at a compound annual growth rate of 27 percent by 2005

# IT Spending



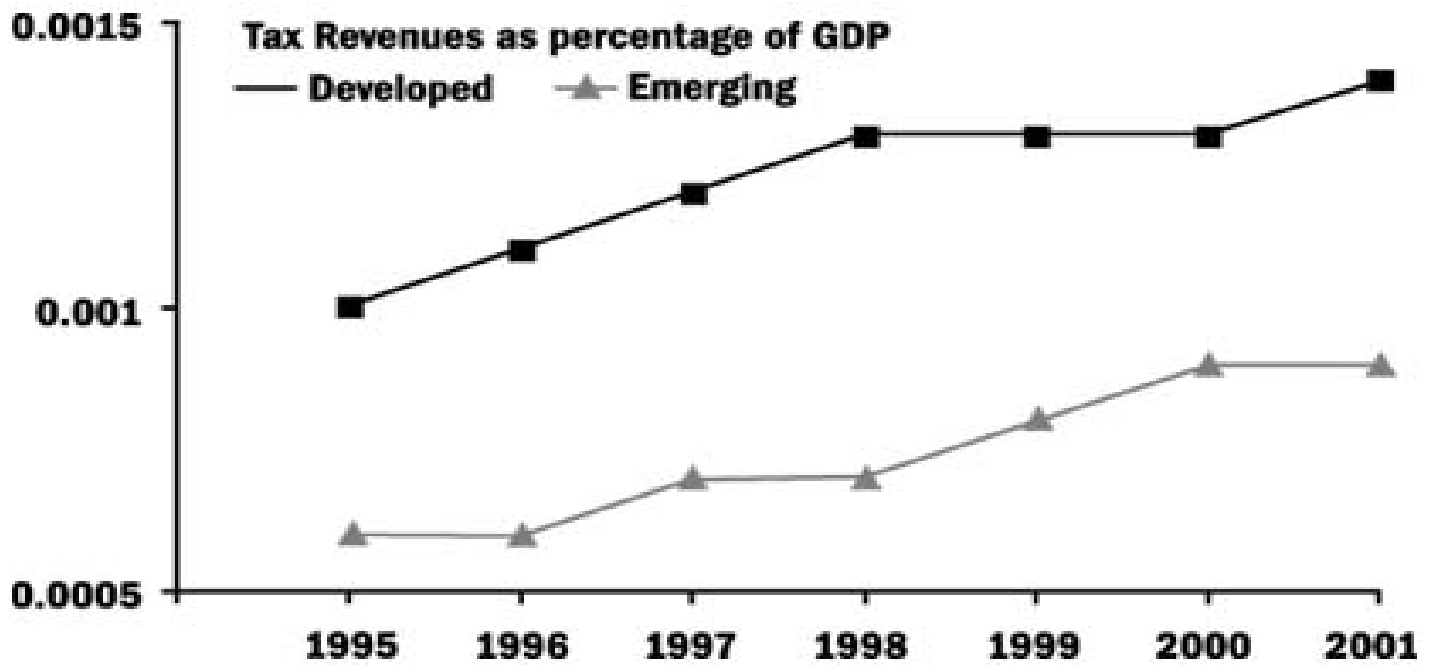
Source: International Data Corporation IDC

# IT related positions



Source: International Data Corporation IDC

# Tax generated revenue

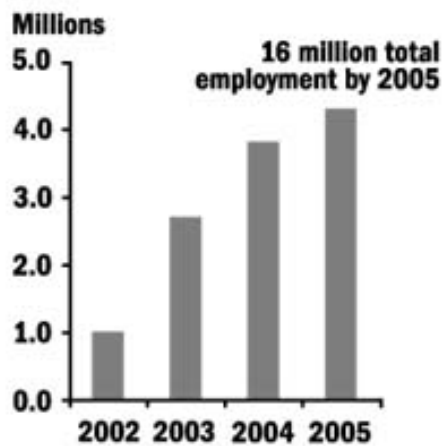


Source: International Data Corporation IDC

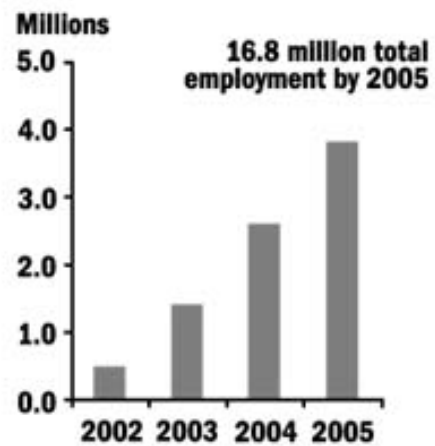


# IT related employment

**Emerging countries**



**Developed countries**



Source: International Data Corporation IDC

# Widening Digital Divide

- A United Nations study found the divide between the Arab and advanced world is "staggering."
- The U.N. says improving infrastructure "is critical to closing the technology gap."
- Arab officials acknowledge that by failing to keep up on technological advances the Arab world risks falling further and further behind the rest of the world.
- The problem is more basic than a lack of computers, according to the U.N. study. It says it is difficult to learn about information and communication technologies in Arab states.
- The study found there is a slow pace of reform within Arab telecom sectors, and poor access to information resources, limited personnel and difficulties with the region's economic development.
- Also, using the Internet costs money and many families throughout the region cannot afford it.

# Realizing Potential

- Microsoft and Arabization: Arabic is a 1<sup>st</sup> tier language with the launch of Office XP.
- Research centers in Redmond and United Arab Emirates
- Road shows: Microsoft Open Door, Microsoft for Partners, Dot Net Clubs in universities, etc
- Bridging the Digital Divide: Microsoft Community Affairs
- Microsoft Electronic Library in Jordan & Lebanon. The program is being duplicated in other Arab countries.
- Microsoft Mobile Electronic Library (Smart Bus) in Lebanon
- Microsoft joint programs with Schools Online, Fondation Saradar