

III. THE GLOBAL ECONOMY AND E-COMMERCE: AN OVERVIEW

In 1999, the global ICT market topped US\$2 trillion and maintained 9 percent growth. The industry is expected to break US\$3 trillion total by 2004.⁶ Ninety million Internet devices were brought on line in 1999 bringing the world total to 260 million. The number of personal computers (PCs) rose to nearly 400 million by the close of 1999. Since PC prices are expected to continue to fall, this trend is likely to continue.

Presently, North America leads the world in Internet use and e-commerce. In March 2000, the total number of Internet users worldwide was estimated at 304 million - 45 percent in the U.S. and Canada, 27 percent in Europe, 23 percent in the Asian-Pacific, 3.5 percent in Latin America, 1.5 percent in Africa and the Middle East.⁷ Internet users are estimated to top 350 million by the end of year 2000.

Though North America will continue to lead in Internet use, growth will be significantly faster in other regions where ICT infrastructure is less developed. By the year 2005, North America will represent 30 percent of all Internet users, Western and Eastern Europe will account for about a third and Latin America and Africa/Middle East are estimated at 7.3 percent and 3.8 percent respectively.⁸ Almost a quarter of the worldwide online population will reside in the Asia-Pacific region. In that region, Internet use is expected to double in the next five years to almost 190 million in 2005. China is expected to contain the largest number of Asian Internet users by 2005.

Total Internet purchases in 1999 were estimated at US\$130 billion and are projected to reach US\$2.5 trillion by 2004. In 1999, companies invested US\$280 million in e-commerce infrastructure and Internet presence and venture capitalists in the U.S. risked US\$32 billion in web-based businesses.⁹

In the short term, e-commerce and advertising revenues will remain largely within the United States. By 2003, the U.S. will retain more than half of all e-commerce revenue, with Europe representing about a third.¹⁰ Advertising is even more U.S.-centric. The U.S. accounted for 85 percent of all online ad revenues last year, according to Forrester Research, and will keep more than two-thirds through 2004.

As in North America, worldwide growth in Internet usage will be followed by increases in online transactions and e-commerce revenue. In Asia, online revenues are expected to grow from US\$6.6 billion in 1999 to US\$340 billion in 2003. In Japan, business-to-business (B2B) e-commerce grew by 400 percent in 1999 and is expected to grow by as much as 20,000 percent between 1999 and 2003.

⁶ International Data Corporation, 2000.

⁷ OECD, 2000, p. 82. Again, estimates vary. Computer Industry Almanac puts these figures at North America 43.2 percent, Europe 28.3 percent, Asia-Pacific 20.6 percent, Latin America 5.6 percent, Africa and the Middle East 2.3 percent.

⁸ Computer Industry Almanac.

⁹ IDC, 2000.

¹⁰ *Id.*

It is to be noted that while e-commerce is expected to continue its remarkable growth, it still represents only small percentage of total retail sales. In 1999, e-commerce in the U.S. accounted for 1 percent of total retail sales and is expected to reach only 15 percent by 2010.¹¹

¹¹ The Economist, 2000.