

VIII. CONCLUSION

It is clear that Internet growth and e-commerce development will continue apace for the near and middle future. Major factors contributing to this movement include: new technologies providing alternate means of access to the Internet, privatization of government-owned infrastructure and resulting increased competition in the market, adoption of new business models with e-commerce elements, development of national law and policy and international agreements and standards to facilitate e-commerce, and the emergence of new markets throughout the developing world.

The two key factors in the development of the Internet and e-commerce are the capacity to supply low-cost and widely available telecommunications services and the cost and accessibility of the computer infrastructure. Although the telecommunications sector has experienced modernization and privatization in many countries, the advances made in this direction over the past decades have been very uneven, especially in terms of the need to make the benefits of such services available to the final consumer. The same is true of the computer industry; the cost of PCs and software thus differs sharply among countries. It is therefore not surprising that individual countries are also at widely differing points in their transition to an information and knowledge-based society.

Successful development of the Internet and e-commerce is greatly facilitated by a legal and regulatory framework aimed at deregulating telecommunications, encouraging competition among service providers, and promoting user confidence in the enforceability, confidentiality and efficiency of electronic transactions. Most national and international rules have addressed in only a limited manner the legal and regulatory issues which specifically apply to e-commerce. The unforeseen pace of growth of e-commerce makes consideration of legal and regulatory issues urgently necessary. In those countries which fail to act in this area, e-commerce growth will be negatively affected.

Many potential commercial and private users of e-commerce still hesitate because of insecurities about the Internet as a business environment. Other consumer challenges include increasing the overall awareness and benefits of Internet access and addressing cultural issues such as language barriers and traditional transaction methods.

In more established and tightly controlled economies like the EU and Japan, the Internet may yield smaller benefits due to entrenched but inefficient regulatory and business systems. However, since the Internet and e-commerce, by their very nature, attack these inefficiencies, these economies are likely to benefit from gains in productivity in all areas influenced by the New Economy. This is especially true in the area of B2B e-commerce where lower procurement costs, better supply-chain management and tighter inventory control will lower production costs.

The development of the Internet is likely to benefit developing economies like India's by accelerating the spread of information and innovations in technologies. However, where a telecommunications infrastructure does not yet exist, the development of e-commerce will be delayed while methods of access are put in place.

In China, the government may desire economic growth through development of e-commerce, but their tight regulatory control over the telecommunications market and the high cost of access will undoubtedly result in slower growth, despite the enormous potential market.

E-commerce provides a fundamentally new way of conducting commercial transactions and has far-reaching economic and social implications. It will affect industry structures and competition in domestic and international markets. It presents major new opportunities for existing businesses and for the development of new sectors. It also poses a threat of unknown proportions to economies that do not prepare for the fundamental changes taking place. While the e-commerce market is expected to swell to many times its current size over the next few years, it is still at a nascent stage. Countries still have an opportunity to realize their full potential in the New Economy.