

INTRODUCTION:

The E-economy has disturbed today’s business and international trade environment in many ways:

- Criteria of international competitiveness are currently being redefined at the level of individual companies and also at a national level,
- Direct participation in this E-economy has become an imperative in order to maintain and reinforce export results both for the country as a whole and for individual companies,
- The effect of this E-economy will be felt in all activity sectors and companies in both developed countries and developing countries,
- National export strategies which are conceived with this process are in need of redefinition,
- A suitable national environment capable of facilitating the country’s long-term integration into the Digital era must be established,
- Development of skills within business environments through public sector support and public/private partnership development.
- The fast and varied development of ICT has widened the technological divide between developed and developing countries.

In this environment three key issues must be considered:

- The involvement of SMEs in the Digital era. SMEs must benefit from the multiple advantages provided by the ICT so that they can partake effectively in international trade.
- The role of the TPO in national export strategy redefinition, the support and assistance of SMEs in this new environment and the redefinition of the facilities and services they provide to exporters.
- The determining factors of an active regional cooperation for greater efficiency of developing country SMEs in international trade.

I- RISKS AND OPPORTUNITIES OF ICT FOR SMEs

Information flow is faster and more widely diffused with E-economy than with traditional models. As a result, decision-making and skills are decentralized, mastering the change
rather than suffering it. This is not simple in many developing countries, where traditional notions of authority and hierarchy are sometimes deep-rooted.

New exchange methods redefine the purchaser/seller (importer/exporter) relationship. SMEs must now operate at this level. So while many companies gradually integrate the Internet into their activities, purchasers and suppliers located in developing countries will be increasingly constrained to adapt to the new operating methods.

The key question that SMEs ask themselves is whether ICT would be a 'gimmick'. The question is all the more relevant since a number of surveys and studies have revealed that many SMEs are reluctant to invest in this process. In addition to the constraints in terms of installation costs, beliefs and perceptions about the use of ICT present an obstacle to PMEs investing in this area. This is where the role of the trade support organizations can play a part in dissipating these fears and in showing SMEs the advantages of using ICT, and in particular the potential offered by electronic trade.

Amongst the advantages of NTIs and Internet:

**a- Direct advantages of NTIs**
- Time-saving in daily operations
- Improvement of quality of services
- Reduction of manpower needs
- Improvement of company’s public image
- Profitability improvement
- Better presentation
- Information-sharing
- Improvement of internal skills
- Improvement of internal and external communication
- Easier access to information on markets, products, clients, etc...

**b- Advantages of the INTERNET**
- Because of technological development, competition is now faster on-line than off-line.
- Increase in competitiveness by purchase reorganization, improvement of after-sales service, obtaining lower cost financing, etc.
- The Internet offers new opportunities to SMEs because it reduces transaction costs and barriers to entry,
- The Internet enables the SME to implement new lower-cost strategies in order to create a public image in those markets which in the past they could scarcely access (especially in the case of SMEs operating in difficult sectors).
- The Internet makes it possible to carry out personalized publicity campaigns
- Many purchase decisions are influenced by information sourced on the Internet

**II- WHAT NATIONAL STRATEGY SHOULD BE ADOPTED FOR INTEGRATION INTO THE DIGITAL ERA?**

According to many studies, in particular those carried out by the International Trade Center (ITC), SMEs in developing countries are unenthusiastic in their attitudes towards, and perceptions of, the use of . In extreme cases, connectivity is seen as a means of communication with little relevance to trade.

However the strong growth of the Digital era in developed countries encourages developing countries to implement appropriate national strategies tailored to their needs, for SMEs in
particular. This strategy can only be implemented with the direct involvement of the public sector in a leading role and in close partnership with the private sector.

This strategy revolves around the following key points, both essential and interdependent areas of involvement, ranging from the establishment of a legal framework to the facilitation of E-trade, through to the development of electronic skills and access to necessary financing.

Strategic key points:

1- Legal framework

2- Electronic administration

3- Access to financing

4- Development of electronic skills

5- Access to Internet services

6 – Assistance specifically for SMEs

   Free consultancy
   Implementation of a national decision-making support portal
   Popularisation of market place methods.

III- NEW TPO TRADE PROMOTION INSTRUMENTS AND TOOLS FOR SMEs

1- Effects of the Digital era on TPOs: requirements for change

The Digital era unrelentingly demands a major reform of TPOs, at the level of their trades, as well as their operating procedures, structures, client relations and services. In many regards, TPOs are in a very similar situation to that of their customers. They are confronted with a new professional requirement, and must respond quickly and efficiently, with innovation and flexibility. In other words, they must become electronically qualified themselves.

The means of these requirements are:

- To respond to the new requirements of an increasingly broad clientele.
- To change the nature of support provided to SMEs by offering clients advice on E-trade, electronic markets and marketing via Internet, electronic skills etc.,

- To use electronic tools in their contact with SMEs

- To implement an interactive TPO/SME site by developing databases on customers and customer requirements, and by enabling companies to provide feedback on the TPO Web site.

TPOs must make some changes in order to adapt to this new environment:
- Modify their internal operating procedures
- Reinforce their technological systems
- Create a new culture and new internal policies,

Although TPOs of developing countries are now ready to accept this change, they nevertheless continue to run up against traditional barriers: insufficient finance, shortage of qualified and motivated staff, weakness of client contact, and lack of appreciation of the difficulties to be overcome.

2- New TPO missions for the development of trade in the Digital era

The TPO can take on the challenges of the Digital era by supporting the development of a long-term approach and a national E-strategy, in order to meet the national improvement target for export results within the E-economy.

From this point of view the TPO must define its own strategy to support SMEs, whose objectives revolve around the following key points:

1°) reinforcement of electronic skills

2°) creation of partnerships linked to electronic skills

3°) Targeting of TPO service proposals:

TPOs can develop services to support electronic competence capabilities and electronic trade within SMEs. These services focus on the following four fields:
- Consciousness-raising to electronic skills, training and basic advice
- Collection and distribution of business information on the Internet
- Advice on B2B markets
- Electronic promotion centred on website development

3- How TPOs can facilitate E-trade for SMEs:

Within the framework of a national strategy for the development of E-trade, and the preliminary installation of an adequate environment, with solutions concerning information-structure, finance, payment, transaction security, logistics, development of on line administration etc., TPOs will contribute to the development of E-trade by implementing support services for SMEs in various fields:
- Procedures
- Support
- Communication
- Training:
- Information

IV - Towards international co-operation for improved efficiency of SMEs

The digital divide

The digital divide is currently a phenomenon known to all. Some information on this subject would be appropriate at this point.
According to estimates, 88% of Net surfers live in industrialized countries, which represent only 17% of the world’s population. The United States alone accounts more than 52% of the Net surfers in the world. Africa, with a population of 785 million represents only 0.8% and the Middle-East represents only 0.67%.

Furthermore, Internet access is more expensive in developing countries than in developed countries. In Sweden access costs $US18 per month, whereas it costs approximately $US78 per month in Argentina. In 1998, in several African countries, an Internet connection cost on average $100 per month compared to less than $10 in the United States. 80% of Internet sites are in English, a language spoken by less than one in ten of the world’s population.

These estimates show the extent of the digital lag experienced by developing countries and which will grow steadily worse in the years ahead. Simultaneously, developed countries have engaged in a headlong race to ensure themselves the best share of this fast growing market.

The difficulties which widen the digital divide are: access to telecommunications and its cost, access to finance, an adequate legal framework, training and electronic administration services. It is up to local governments to implement a national strategy and adequate programs to overcome these difficulties. A direct and active involvement of developed countries is especially necessary as the development of international trade in the Digital era requires the standardization of developing countries to give them better chances of integration into the international business system.

This involvement must result take the form of varied bilateral and multilateral international co-operation, relating to governments and international and national organizations alike.

Examples of cooperation:
Between TPOs of the same region
- Between TPOs of developed countries and those of developing countries
- Between TPO groups (e.g. GEPCI and ATPF etc .. and other TPOs)

Finally, it would be appropriate to convey the important and determining role that is played, and will continue to be played, by the International Trade Center (ITC) in its role as an administrative federation.

The implementation of a varied technical support system, to cater for developing country TPO needs, is necessary in order to strengthen this structure. This support should be conveyed through the development of regional and international cooperation programs based on previous experience and involving the beneficiary countries.

If one accepts that development of international trade cannot happen without the participation of developing countries, it follows that TPOs of developed countries have a responsibility in the effective implementation of this cooperative program.

THANK YOU FOR YOUR ATTENTION