Pacific
Basin
Economic
Council

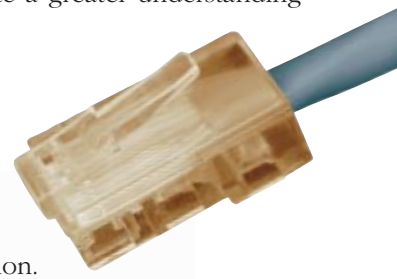


The expansion of electronic commerce on the internet is revolutionizing traditional modes of business. By eliminating the barriers of space and time that have traditionally limited economic activity, the growth of the internet has sparked the creation of new ways of doing business.

The potential for electronic commerce is enormous. Conservative estimates predict that commercial activity on the internet will grow from $700 million in 1995 to $239 billion in the year 2000, and that number of people with access to the internet will rise from 55 million this year to 550 million two years from now.

Introduction

As *the* voice of business in the Pacific, the Pacific Basin Economic Council (PBEC) supports the continued development of global electronic commerce. PBEC believes that the facilitation of electronic commerce will increase global economic growth, benefiting consumers and businesses in every sector across the globe. This brochure provides examples of companies and organizations that have benefited from electronic commerce in order to facilitate a greater understanding of its diverse dimensions and potential.



PBEC Work on Electronic Commerce

The PBEC Working Committee on Electronic Commerce was established to support the development and use of electronic commerce in the Pacific Basin region. PBEC's work in this area is grounded in education. PBEC encourages region-wide educational activities to foster understanding and increased usage of e-commerce. PBEC also supports government and APEC efforts to educate actual and potential users of electronic commerce.

Benefits of Electronic Commerce

For consumers, electronic commerce offers a wide range of new opportunities, from the ability to sell or purchase stock, shop for a home, or transfer funds between banking accounts, all via the internet from the convenience of a home computer. Electronic commerce in many ways functions like a digital catalogue or marketplace. The consumer is able to go directly to the producer for goods, eliminating traditional retailers, wholesalers, and in some cases, distributors. By actually purchasing goods over the internet, consumers now enjoy the ease of 'one stop shopping,' increased selection, and fast delivery.

The Voice of Business in the Pacific

For retailers, electronic commerce offers many advantages. On the internet they are able to accomplish all the functions of commercial activity at once: offering products, closing the sale, and directing delivery of the products. Products can be customized instantly and inventories managed for future demand. Small firms will be able to operate across borders without the large investment typically needed to establish marketing and distribution mechanisms.

PBEC Web Site – www.pbec.org

PBEC's international network of 1,100 companies spans 20 economies across the Pacific Basin. PBEC also has nine active working committees on a variety of issue-areas, ranging from electronic commerce to food products. While the organization gathers face-to-face twice a year, PBEC's activities require a tremendous amount of work to be conducted between meetings. Obviously, due to time, money, and scheduling constraints, meeting face-to-face more frequently is not always a viable option.

As an alternative, PBEC now conducts more of its business via web boards, e-mail, and chat rooms on the PBEC Intranet (www.pbec.org). Through the use of this technology, PBEC is reducing (or in some cases eliminating) the need to fax documents, make long distance conference calls, or meet face to face to advance its work plan. By effectively utilizing electronic commerce, PBEC's far flung, twenty- economy organization can work collaboratively and efficiently despite differences in time zones and geographic distances.

PBEC Australia

The Australian shipping industry, in coordination with customs officials, has implemented a system by which all manifests can be filed electronically. Freight clearing agents also file information and clear goods electronically. This system has brought shippers and shipping companies, as well as the stevedores (container terminals), into almost total electronic clearance of goods.

In the cattle industry, ***Primary Industry*** has developed an electronic system called Computer Aided Livestock Marketing, or CALM, whereby cattle are described and bought or sold electronically. This has substantially reduced the need to send cattle to market resulting in less damage to the animals and higher quality goods to sell.

PBEC Canada

At the ***Bank of Nova Scotia***, Toronto, Ontario, thanks to a new technology called Public Key Infrastructure (PKI), Scotia OnLine has found a way to protect the information of its customers without them having to set foot inside a bank.

The bank uses a software program it developed with Ottawa-based Entrust Technologies Inc. The software secures its Scotia OnLine service, which includes internet-based banking and discount brokerage. Entrust Direct, as the software is called, has many features that are specifically designed to reduce the risks normally associated with the internet. Since launching the service in the fall of 1997, Scotia Bank has managed over 100,000 digital certificates for individual customers and small businesses.

CanAsian Businesswomen's Network The world's first Virtual Trade Mission (VTM) brought together 55 women from Malaysia, Singapore, and Canada, and helped them to do preliminary business explorations using the internet. The VTM was a pilot project designed to assist women entrepreneurs in creating business opportunities together using internet-based technology, and thereby reducing travel costs. The two-month, long distance discussions on the VTM site culminated in a deal signing ceremony in Kuala Lumpur, Malaysia.

PBEC China

COSCO Shanghai International Freight Co., Ltd. is one of the largest freight companies in Shanghai. Cosco uses an electronic booking system that provides access to booking information for the entire company. Customers send booking information to the electronic data interchange (EDI) by computer and staff review the information. After accepting the data, the system automatically allocates a vessel, a number for the bill of lading, and replies to the customer with the information. This system transfers information in a timely and efficient manner, and reduces the loss of documents.

PBEC Colombia

Growth in electronic commerce in Colombia has been expanding at rates that match those for the rest of the world. Colombia has experienced one of the highest growth rates in South America in recent years, and growth in use of information technology and the internet has been a hallmark of the economic expansion. Colombia has also seen a significant increase in the number of credit card purchases over the internet.

The Colombian financial sector has been developing EDI interfaces to access value-added networks that have helped to support the growth in electronic commerce.

PBEC Hong Kong, China

Boom Securities (H.K.) Limited (www.boom.com) is the first broker in Asia to offer internet trading facilities for Hong Kong equities. BOOM is an internet trading system offered by Boom Securities that allows customers to trade securities listed on the Hong Kong stock exchange. Clients can buy and sell stocks and warrants, monitor their transactions in real-time, check their portfolio balances, and sign-up for a variety of additional information sources.

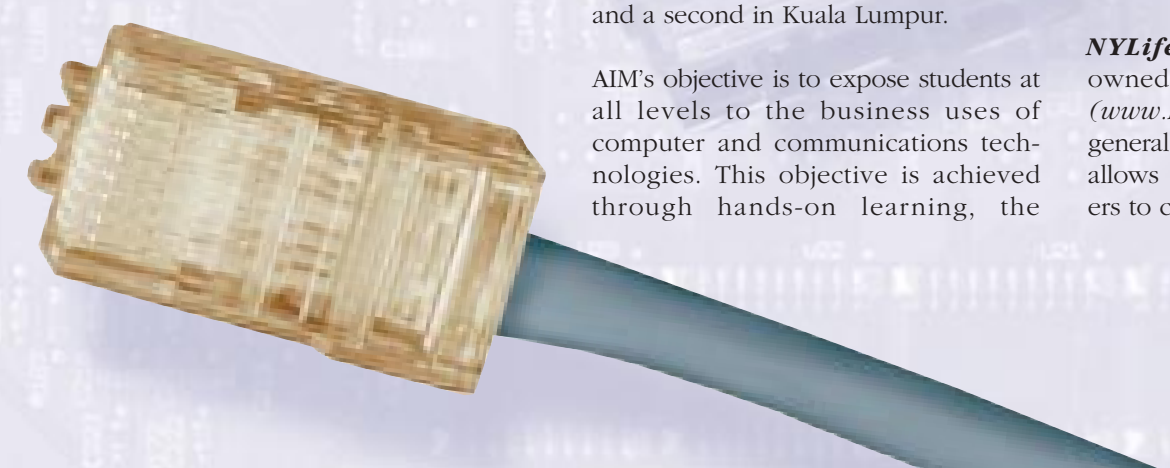
PBEC Japan

E-Book Satellite System is a consortium of companies in Japan that are planning to create a satellite-based system to distribute content to hand-held electronic books, or e-books, that could revolutionize the world of publishing. The planned system envisions publishers transmitting digital content via ground stations to satellites for distribution to receiving stations at stores, or direct-to-home for storage in personal computers. The content would then be downloaded into a disc or some other device that could be slotted into the e-book for reading. Consortium members include Japan Satellite Systems, Space Communications, NTT, Fujitsu, Sony, Microsoft, IBM and Minolta.

PBEC Malaysia

Royal Selangor International (RSI) is one of the best examples of electronic commerce in Malaysia. Royal Selangor today operates the world's largest pewter factory situated on a 12-acre site in the Kuala Lumpur suburb of Setapak Jaya. In 1997, RSI started their online business at www.royalselangor.com.

The e-commerce transaction model that RSI uses is quite simple. Customers enter a secure web page in which a transaction form appears. The customer enters their information and credit card number. This activates an automated reply that the information has been sent and is followed by another reply that the transaction has been processed. RSI has found that the true power of e-commerce is one-to-one marketing; giving consumers the power to customize and personalize their purchases.



PBEC Mexico

Cemex is the number one trader and the third largest producer of cement in the world, and the largest producer and supplier of cement in emerging markets. Cemex uses electronic commerce to collect and consolidate supply requirements from all of its plants worldwide. With this consolidated electronic information, Cemex creates a single, company-wide purchase order that is communicated to suppliers in multiple locations worldwide via electronic commerce. Cemex also uses electronic commerce applications to maintain constant, automated monitoring surveillance of its manufacturing equipment at its plants around the world.

PBEC Peru

Established in 1990, ***The Scientific Peruvian Net*** was the first internet site in Peru. It is a web site dedicated to promoting free access and exchange of information through the internet and is the official representative site of the Internet Society in Peru. Since its establishment The Scientific Peruvian Net has provided universities and scientists with access to the internet, but recently it has become available as a public internet service provider opening the doors of the internet to all Peruvians.

PBEC Philippines

Asian Institute of Management (AIM) is the region's leading school of business management (appropriately called the Harvard Business School of Asia), with its main facility in Manila and a second in Kuala Lumpur.

AIM's objective is to expose students at all levels to the business uses of computer and communications technologies. This objective is achieved through hands-on learning, the development of case studies, and "live" case studies involving the adaptation of existing business applications to specific business circumstances.

Having upgraded its information technology infrastructure, AIM and its faculty are currently engaged in an intensive process of developing a new curriculum that will embrace information technology, focus on electronic commerce, and several other priority business applications.

PBEC United States

Today's successful businesses must be able to quickly and efficiently gather up-to-date information in areas such as warehouse inventory levels. At ***Federal Express***, its GIVS (Global Inventory Visibility System) offers near universal and cost effective implementation through the internet. Because the internet is so pervasive, companies can access GIVS from virtually anywhere.

New York Life Insurance Company hosts a comprehensive web site on the internet *(www.newyorklife.com)* which provides information on products and general insurance-related issues. The web site also provides a link to the Business Owners Retail Source Center, tailored to provide information on small business owner matters, and to an interactive Calculator Center, which allows one to calculate the type of financing needed for retirement planning and education savings, or to determine the benefits of tax deferred and tax investment vehicles.

NYLife Securities, Inc., a wholly owned subsidiary of New York Life, *(www.NYLifesecurities.com)* provides general information on its products and allows NYLife Securities' account holders to conduct trades electronically.

Texas Instruments has introduced a new upgradable graphing calculator, the TI-73 with Graph Explorer Software. This advanced capability provides students with a low cost way to obtain the latest graphing calculator functionality without purchasing a whole new unit, and allows the calculator to grow and meet their ongoing needs. Students can simply download maintenance updates and the latest software version via the internet from the TI web site to their computer, then transfer the software to their calculator.

China's Commodity Exchange Center's entire network is built on a secure "intranet" system enabled by ***Hewlett-Packard*** (HP) internet security and server technologies. This enables trades, payments, credits, debits and authentication over the internet securely through a firewall and other security technologies. Hundreds of billions of RMB transactions take place over the network regularly, providing significant cost savings (telecommunications, personnel, and overhead) over the previous system.

Seventy merchants in Singapore teamed to create a virtual shopping mall, with secured payments using HP and Verifone technology. The payment gateway is based on the Secure Electronic Transmission (SET) protocol; the world's first to accept credit card payments from both Visa and Mastercard. The payment gateway allows merchants to create a shopping environment akin to a mall, without the overhead and other operational costs associated with such a store or outlet. Merchants can also reach potential customers outside their region without the need to travel.

Several Singapore banks have created secure web sites employing HP equipment and internet technology, allowing their account holders and other customers to gain easy, 24 hour access to their accounts, pay utility and other bills electronically, and apply for GIRO payments. This saves time and reduces costs for both the banks and customers carrying out these transactions.

Hewlett-Packard's Medical Products Group now allows its U.S. customers to browse and order medical supplies over the internet, a new service which will greatly streamline the order fulfillment process and provide significant operational efficiencies and cost savings. Customers can register on a web site to place orders on a secure HP server arrangement. Strong customer demand for such an internet-based ordering system helped lead HP to offer this solution. It will likely be extended to other parts of the business and geographies in the future.

PBEC: A Dynamic Force

The Pacific Basin Economic Council is an association of senior business leaders from throughout the Pacific Basin Region dedicated to expanding trade and investment through fostering open markets. Founded in 1967, PBEC serves as the key organization through which regional executives create business relationships, encourage increased trade and investment, support open markets to lower trade barriers, and address emerging issues likely to shape the Pacific and global economies.

PBEC's Mission

PBEC's mission is to achieve a business environment in the region that ensures open trade and investment and encourages competitiveness based on the capabilities of individual companies; provide information, networking fora, and services to members that increase their business opportunities; and support cooperative business efforts to address the economic well-being of citizens in the Pacific region.

PBEC Facts

- The Pacific Basin Economic Council (PBEC) is an association of senior business leaders representing more than 1,100 major corporations in 20 economies around the Pacific.
- PBEC member corporations account for more the US$4 trillion in global sales and employ more than 10 million people.
- PBEC celebrated its 30th anniversary in 1997.

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