Japan's Role in Overcoming the Digital Divide

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If environmental problems are a negative legacy from the 20th Century to the 21st, the IT revolution is a wonderful gift from the old century to the new. The Kyushu-Okinawa Summit will be held at a turning point at the end of the century of industry and on the threshold of what is expected to be the century of knowledge and information. The IT revolution would be the perfect theme for the conference.

In the run-up to the Summit, the Keidanren has advocated that Japan should transform itself into the world's leading country of digital opportunity. However, many problems will need to be overcome before we can enjoy the fruits of the IT revolution, including business opportunities and an enhanced quality of life. One such problem is described by the words "digital divide", a phrase that has rapidly come into common use since its appearance early this year, just as the word "portal" quickly became familiar after its emergence in mid-1998.

The digital divide is certain to be the core focus of any discussion of the IT revolution at the Kyushu-Okinawa Summit. Though the digital divide encompasses a wide range of complex and delicate issues, we cannot afford the time for prolonged debate. The IT revolution is a process of precipitous change, and while we delay the gap of the divide will continue to expand geometrically. Prompt and effective action is needed. Because the Summit is drawing near, I would like to make specific recommendations for necessary government actions from this perspective.

First, the implementation of "eODA" should be accelerated. At the Summit, the digital divide will likely be discussed as a North-South issue relating to the closing of the gap between the developed and developing nations. The debate probably will focus on the role of economic assistance policies from a humanitarian perspective, as a way for wealthy nations to assist the developing world. It is important in this context to recognize that communications and the
Internet are always two-way channels. The benefits are halved if the sending side is advanced but the receiving side is primitive.

The global IT revolution is a revolution in communications. The economies of scale associated with commerce in goods, content and services via cyberspace cannot be realized if we are unable to share information widely. In this sense, the development of infrastructure on the receiving side offers specific economic benefits, not only to the recipient country but also to taxpayers on the sending side. Economic assistance that seeks to close the digital divide solely for humanitarian reasons is not sustainable and is unlikely to continue. It is important to begin by recognizing that the world economy will benefit from growth in the number of people with net connections and computer literacy.

Japan is one of the world's biggest donors of economic aid. However, the share of IT-related ODA was merely 2.2% in 1998. As much as possible of Japan's official development assistance should be shifted toward IT-related areas. This is a priority that requires immediate action. To maximize the effectiveness of this "eODA" it will be necessary to work toward specific milestones, for example, the devotion of 10% of total aid to IT-related areas within three years.

Second, what I call, 'the Asia eGovernment Initiative' should be promoted by Japan. Another characteristic of the global IT revolution is the fact that it is occurring simultaneously throughout the world, rather than as a ripple effect spreading out from advanced nations to emerging economies and finally to developing countries, taking decades of time. Within a year of its appearance in the United States, the net auction business model had spread to China. In today's world, countries that Japan is trying to help cross the digital divide could use business models more advanced than those employed in Japan to overtake Japan in world markets. Several countries are steadily implementing infrastructure development and system reform concepts in an effort to establish a role for themselves as the hub of Asia in the IT era. These efforts, which include South Korea's "Cyber Korea" concept, Taiwan's eGovernment scheme, and Singapore's "SingaporeOne" program, are already leading to the creation of environments that compare, in part, favorably with Japan's.

Japan should take the regional initiative in this situation by promoting an 'Asia eGovernment Initiative' that coordinates electronic government development programs preempting to avoid digital divide among various Asian governments.

Cyber Korea and SingaporeOne both encompass the concept of electronic government, and several other countries are also working in this direction. However, there has been no cooperation among these countries, which are simply proceeding according to their own interests and goals.

The same is true of Japan, which has been working to apply information technology to government administration under a scheme that was initiated in
1995. These efforts have continued under the new Millennium Project, the goal of which is to establish on-line systems for all application and notification processes by 2003. The current plan calls for the establishment of certification offices for a GPKI (Government Public Key Infrastructure) system. Unfortunately, no consideration appears to have been given to the question of international inter-operability, so it remains unclear whether, for example, a certificate obtained under this system could be used to clear goods through customs in Singapore and Hong Kong. Mechanisms created under concepts that are limited solely to Japan are likely to cause new problems in the future.

The Asia eGovernment Initiative is designed to avoid such problems. Under this initiative, Japan would call upon other Asian nations to consult extensively concerning their electronic government concepts with a view to achieving inter-operability. Such a structure should include not only NIES and ASEAN but also aid recipients such as Laos, Myanmar and Cambodia. In the case of aid recipients, additional impetus for change could be provided by implementing a pilot project under which all intergovernmental negotiations and document exchanges relating to ODA execution procedure would be processed electronically. It also would be effective to make the actual development of such a system by one of the eODA programs.

Third, it will be necessary to create new international organizations along the lines of an eOECD or eUN. Clearly, the most urgent task in terms of promoting electronic commerce and establishing electronic government systems is the harmonization of systems and rules that currently prevent a smooth transition to electronic commerce and electronic government. It also will be necessary to resolve a number of related issues.

These include the establishment of systems to guarantee the legal effectiveness of electronic certification and electronic signatures as a starting point for infrastructure development, as well as legal protection for consumer rights in the digital society, and privacy safeguards. Solutions will also need to be found for problems arising from the IT revolution, including the responsibilities of intermediaries in terms of rights and obligations, and intellectual property issues such as the patenting of business models.

There are numerous other tasks that must be tackled. For example, there is the question of legal jurisdiction over disputes. It will be necessary to determine whether these should be heard by courts in the country of origin or in the country of destination for information. Also, if the court process is too slow, it may be necessary to establish other mechanisms, such as an ADR (Alternative Dispute Resolution) system based on simplified on-line mediation and arbitration.

Another problem area is taxation. There is a head-on clash between the United States, which has a moratorium system that prohibits discriminatory or
weighted taxation of e-commerce over a specific period, and the EU, which maintains that e-commerce is commerce and should be taxed in the same way as other forms of commerce. In addition to their disagreement over domestic taxation, the United States and the EU also have differing views about whether network tariff transactions should be treated as transactions in goods or services.

These issues are all likely to be of equal priority to all countries involved in electronic commerce and Internet business. They are also complex and difficult to resolve. Despite this, it will be necessary to find solutions that are globally consistent and compatible. It appears increasingly likely that the issues will need to be approached via an international agency with multinational funding and administrative resources, to ensure the compatibility of all systems and rules relating to the IT revolution. The IEA was established as a specialized agency in response to energy problems, the major issue of the 1970s, during the period when the first Summit conference in Rambouillet was planned. Perhaps what we need now is an eOECD or eUN that can find solutions based on a front-line awareness of international problems relating to the IT revolution.

It has been suggested that international organizations need to be restructured to meet the needs of the 21st century. A possible approach to this task would be to use the IT revolution as an opportunity for an in-depth review of existing organizational structures and functions. The creation of another giant organization would simply be a return to 20th century thinking, and the problems are too urgent for that. The best way forward may be to take the unorthodox step of creating an organization with a five-year time limit that would expire in 2005. The mission of this organization would be to produce answers in some form by this milestone year for all of the issues that are currently causing concern. At the very least, it is hoped that the "IT Constitution" to be announced at the Summit will not simply pay lip service to the need for international harmonization of these systems and rules, but rather that it will provide a starting point for more effective international action.

Source: Global Communications Platform from Japan http://www.glocom.org