

A study on e-Trade Spreading Strategy

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요 약 (ABSTRACT)

정보기술(IT)의 발달에 따라, 전통적인 무역의 효율성제고가 시급한 과제로 대두되고 있으며, 이의 高효율의 국제상거래의 활성화를 위해서 인터넷을 활용한 해외시장의 개척과 글로벌 네트워크의 구축의 중요성이 부각되고 있다. 따라서 전통적인 무역의 대면 마케팅(Face to face marketing) 방식에서 점차 탈피, 거래정보의 데이터베이스(D/B)화 등 전자무역의 저변확대를 위해 산업자원부 등을 중심으로 거래알선(trade leads) 단계에서 점차 확대, 계약체결 이후의 무역자동화(Trade Automation) 까지 전자무역의 영역확대 및 정착화를 통해서 국제상거래 기능의 高효율·저비용구조의 추구는 바람직하다. 또한 정부의 수출드라이브 정책으로 추진되어온 기존 종합상사의 기능이 IMF관리체제 이후 강력한 구조조정(Restructuring)의 추진으로, 산업소재 중심의 특화·전문화된 상사로 기능이 전환되고 있는 시점에서, 전자무역의 핵심 추진축으로서 e-무역상사의 필요성은 더욱 증대되고 있는 바, IT를 활용 고도의 정보력을 구사하고 비즈니스의 발굴 및 제안, 추진하는 주체로서의 기능도 강화하며 전자자유무역시장(e-FTA), 전자구상무역시장(e-G2G)도 개척할 수 있는 바, 이와 관련해 한국의 전자무역 확산 전략 방안을 제시한다.

Key Word : EDI, GTCs, e-Trade, Global e-trade network

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I. Introduction

In this rapidly changing 21 century, the global world becomes interdependent between countries and markets; furthermore, develops the business process and information technology, which could be determined in 10 years, now reduced the time period and could be made in 1 year. At this moment, the intellectual and cultural benefits that global network like Internet, have to offer, coupled with the economic and commercial growth, convenience and increased choice promised by electronic Trade(e-Trade) are attracting more and more global traders online every day.

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Two facets of the “digital economy,” electronic commerce(i.e, business processes which shift transactions to the Internet or some other non-proprietary, Web-based system) and the information technology(IT) industries that make e-commerce possible, are growing and changing at breathtaking speed. The value of e-commerce transactions, while still small relative to the size of the economy, continues to grow at a remarkable rate. Both the new Internet-based companies and the traditional producers of goods and services are transforming their business processes into e-commerce processes in an effort to lower costs, improve customer service, and increase productivity.

Internet brought us lots of efficiency in international trade. Global export through e-Marketplace is expected to grow to U\$400billion by 2004 from a mere U\$6.5billion in 2001(Forester Research). There is an international alert to introduce new framework for e-Trade by WTO, OECD, UN, APEC, etc.. The basic e-Trade concept is the flower of electronic commerce and collection of Information Communication Technology(ICT).

Traditional trade process, partially trade automation and marketing consists of sets of business meetings, contracts, securing goods, logistics and payment and follow-ups. Semi-automation for trading is based on traditional trade, which includes high costed exhibition, DM(Direct Mail), fax, VoIP(Voice of Internet Phone), paper documentation, negotiation. If we use trade automation by VAN EDI(Value Added Network Electronic Data Interchange), we will save about 80% in international trade cost.

For the facilitation of B2B electronic commerce, standardization of electronic message, electronic catalog, payment and settlement, and components and goods are to be essential. Korea Institute for Electronic Commerce, as a competent organization to standardize electronic message and ebXML(electronic business extensible Markup Language) in Korea, has participated in the ebXML Standardization meeting to reflect Korean stance, has launched ebXML standardization activities in Korea, and built the Korea national ebXML central registry and repository.

II. Korea's e-trade strategy

1. Reflects on trade engine in Korea

In terms of International trade, traditionally General Trading Companies (GTCs) was superpower for exporting Korean products around the globe. The GTCs contributions to the nation's total exports slid again in the first half of this year, accounting 37.4 percent of the total at \$28.4 billion, a 7.2 percent decline from the same period last year.

The five GTCs' performances during this period are the lowest since 1990, as their contributions fell below that of last year's first half (39.1 percent), the previous record. Their comparable ratios reached 38.1 percent in 1990, 51.9 percent in 1998, but declined to 51.2 percent in 1999, 47.2 percent in 2000, and 37.4 percent in 2001. Besides those mentioned, they were handling Korean traditional foods and missiles.

However, after IMF, their main functions were concentrating on marketing some specific industrial goods, such as semiconductor, heavy industries, automobiles etc. Korea has also lots of small and medium size enterprise. So, Korean government now is keenly interested in e-Trade because of gap filling trade vacancy of GTCs.

Of course, GTCs are also enhancing Internet business drive partially. Riding on the wave of the Internet boom sweeping the nation, major general trading companies are reviving up their investment in online business, from shopping to portal service and contents development. The trading units of the "Chaebol", or family-owned conglomerates, including Samsung, Hyundai and the SK groups, have recently finalized their Internet investment plans for future. Armed with huge cash power, their enhanced foray is expected to change the landscape of the sector, which has been dominated by venture startups.

2. Internet infrastructure

Korea has well-established Internet infrastructure. Koreans' 75% population freely access to ADSL and VDSL Internet. They use popular broad bandwidth telecommunication network. For realization of e-KOREA, Government fully supports the spreading of Internet infrastructure.

Business entities also use Internet their main function for enhancing their efficiency. For these to be realistic, government must be committed to the realization of e-Korea, by also increasing the use of Internet on corporate homepage, e-mail, e-catalogue, EDI. Internet-based e-Trade procedures now make it possible to apply EDI-type systems to relatively small purchases, thereby drastically reducing errors, ensuring compliance with organizational norms, and speeding the process.

Estimates of the savings gained range from 10 to 50 percent, although in many cases the time reductions are as important as the monetary savings. Due to this effectiveness then brings us to the facilitation of on-line trade involving Korea and other partner countries. Another objective is to provide global infrastructure for promoting transnational e-Trade.

Korean government is contemplating aiding in the establishment of "e-Trading companies" that would give support to as many as 3,000 prospective small exporters by 2005 in carrying out exports

on the Internet. e-Trading companies are an Internet version of general trading companies (GTCs) that offer trading services to small exporters.

3. Korea's e-Trade vision

In every part of the world, the Internet is vastly spreading into new dimension. Traditional trading has been transformed into what we now call e-Trade. Trade has been and will continue to be an important part in the economic growth of Korea, it has spanned of 40 years. Korea's economic vision is to be the 8th trading country in 2010.

Korea's backgrounds of promoting e-trade are as follows. Paradigm of new trade, innovating process and structure of trade by using ICT, are being the hub of northeastern Asian economy. Based on these, Korea will be pivotal role in spreading e-Trade around the world.

We would like to emphasize the importance of e-Trade which I believe is so enormous, and they are as follows. In reducing additional expense of trade through innovating trade process, strengthening competitive power for export and providing a basis of expanding export through creating a new market and a new product, strengthening of the national economic power. To-be model of e-Trade is finding buyers; consult and contract proceed through the e-Marketplace.

All procedures of trade-clearance, transportation, and settlement are managed through e-Trade platform at the same time and paperless trade. There is viable structure needed to be put in place for effective running of e-Trade that includes establishing infrastructure for e-Trade based on the Internet. Government will offer small and medium-sized business services to raise the e-Trade activity and create a condition favorably for developing new e-Trade business models and profitable structure. Also establishing global e-Trade network and finally improving the system for e-Trade can be the ones.

Korea International Trade Association (KITA) established "e-Trade Promotion Committee" for speeding up e-Trade. The committee established a task force team consisting of specialists to identify core tasks for the successful spread of e-Trade. The first objective is to establish an e-Trade platform for one-stop trade activities, including logistics, financing, government agencies, etc.

Korea Trade-Investment Promotion Agency (KOTRA) has launched a internet business center service that enables local exporters to have real-time business negotiations with potential foreign buyers, free of charge, through the Internet. Both local exporters seeking new overseas buyers, as well as foreign buyers interested in Korean products. The cyber business center of KOTRA's worldwide networks of branch offices will match the appropriate overseas buyer and market

information. The KOTRA cyber business center, inaugurated Oct.2, also lists over 1,000 products from 500 local exporters, offering overseas buyers chances to obtain detailed product information in Korea conveniently and economically. The cyber business system is designed for online trade meeting between Korean suppliers and foreign counterparts.

With the 2D/3D online catalogues uploaded in the system, participants in the site can enjoy real-time face-to-face video discussions at remote places, without having to travel abroad. This particular service, one of its first kind ever launched by any trade promotion agency anywhere in the world, is obviously designed to help oversea buyers meet qualified Korean exporters and manufacturers of trade experts without wasting time and money while traveling across the globe.

4. Korea's e-Trade action plan

Korean government wants all Korean firms to carry out trade activities efficiently by means of the Internet. The development visions for e-Trade centers on four issues; the installation of Internet-based e-Trade infrastructure, establishment of e-Trade systems at small and mid-sized firms, installation of a global e-Trade network, and the improvement of laws and institutions to create a favorable environment for e-Trade.

The action plan set out short-term and long-term implementation strategies. As a short-term measure, the MOCIE(Ministry of Commerce, Industry & Energy) plans to revise the system of service charges for electronic data interchange in a bid to alleviate the burden on small firms for e-Trade costs.

User-centered approach set up integrated e-Trade infrastructure order (Single Window), cover all trade processes, link/integrate corporate e-Trade. Service-centered approaches develop and provide diversified, services for the spread of e-Trade. Step by step implementation gradually implement in priority, disseminate through development of successful practices. Overall, integrated approach link and integrate by sector, region.

Harmonize market function and public investment. Expand the infrastructure to stimulate e-Trade, support development of e-Trade technologies such B2Bi(Business to business integration, KMS(Knowledge based Management System), ERP(Enterprise Resources Plan), etc., and nurture first-class manpower through positive support for promising e-Traders. Accelerate the adoption of e-business by all industries, nurture electronics, automobile and steel industries as the model e-Trade leading group, and spur restructuring of the distribution industry through invigoration of Internet shopping malls.

Strengthen capability of small and medium enterprises to adopt e-Trade: Advance IT-support projects including upgrades, cooperative IT-ization, etc. and reinforce tax support for SMEs(Small & Medium Enterprises) that adopt e-commerce. Globalize e-trade. Assist the overseas advancement of domestic enterprises through a global e-trade center and strengthen e-Trade cooperation with South & American countries, Japan, China, UK, Finland, and etc.

MOCIE will upgrade existing Internet infrastructure to expand the system to global scale. It will rely on KNET, Korea's largest e-Trade firm. It will push to form a global network for free e-Trade, starting with the East Asian countries, and other countries in the foreseeable future.

With a view to building an environment for e-Trade on a mid-and long-term basis, the ministry also plans to install a comprehensive e-Trade platform by 200 that bundles together all trade procedures, ranging from export/import approval to customs clearance and payment settlements.

Korea will first successfully conclude forming an e-Trade network with Japan, which is presently in progress, and then move onto expanding the relationship China, Singapore and other countries. This will be a great way of joining in the global trend of forming economic blocks.

e-Trading competitive markets and companies, such as B2B marketplace providing the most powerful global company directories, trade leads, and their search engines in the industry and featuring in increasing traders' globalization and network establishing in the international trade area, will be the most potential successful ones in the future, which helps traders and organizations preparing for globalization and accelerating the trading speed in the next decades.

An e-Trade network with the other East Asian countries is currently being designed by the Pan Asia EC Alliance (PAA) and an automated trade system among the five or so countries may be established soon. Pilot tests are expected to expand for the invigoration of e-trade in East Asian countries. Participants at the ninth PAA (Pan Asian e-commerce Alliance) board of directors meeting held in Hong Kong September 19-24 discussed ways to expand the number of participating firms in the e-trade verification tests.

The meeting examined and approved Formosa Group of Taiwan and Dongwon Metals and Young Corporation of Korea as firms to participate in the pilot tests. If approved, Korea will secure three test firms including Hyundai Motor so that it can play a pivotal role in future PAA projects. Also discussed were official membership in the body and registration of Macao's trade-automation business, TEDMEV, participating as an observer and Trade Gate of Australia. At present, PAA's pilot tests are being used in the business between Hyundai Motor and Mitsubishi Corporation, and also between TAL of Hong Kong and Tai Yuan of Taiwan.

5. The cooperation for Global communities

Korea GCA and many other association related to e-Trade provide a good source for governments to discuss mutual considerations e-Trade introduction and guidelines in an effort to facilitate e-Trade growth and spreading.

All of the work of the associations related to e-Trade recognizes that input from the globe is essential to the development of effective global approaches and tools. Especially, GCA(Global Commerce Association) will be a good guide for cooperating between Korea and other communities in terms of e-Trade.

On the occasion of global FTA(Free Trade Area), One of the promising collaborating model, Mercosur members are also core competence in agricultural and traditional industries. To effectively accomplishing international trade, e-Trade will be greatly contribute to gap-filling trade efficiency.

In doing those missions rapidly, Korea 's powerful e-Trade portal such as Tpage.com, ec21.com, eclaza.net, etc. and related associations for e-Trade spreading will provide lots of know-how in e-Trade platform and services. Especially Tpage, eclaza, ec21, members of GCA, provide members with auto multi posting function enables users to automatically post offers in more than world-wide leading global trade leads sites and bulletin boards with just one registration in each others' site. Korean government, MOFAT and MOCIE will be good collaborators in upgrading your e-Trade infrastructure.

On the occasion of Korea and Chile's FTA(Free Trade Agreement), international trade relationship between Korea and global communities, such as Mercosur and others will continue to cooperate with business and member countries, and all of participants to ensure that e-Trade is implemented effectively and help educate on-line traders and the upgrade of e-Trade for the efficiency of global marketing.

III. Conclusions

Still small in economic terms, e-Trade has the potential to accelerate existing trends and introduce new ways of conducting trade. As with the advent of any new technology that may be widely diffused, there are overly optimistic and pessimistic predictions, which are generally inaccurate.

Moreover, in order to reap full benefits of e-Trade in international trade, domestic e-Trade network should be harmonized and interconnected with the e-Trade network of trading partners,

thereby creating a global e-Trade network. A global e-Trade network, to be realized, will necessarily require multilateral or regional cooperation to set relevant inter-operable infrastructure. Korea is in an advantageous position to implement a global e-Trade network, as it is well equipped with institutional system and related infrastructure.

We should know that expanding e-Trade network will be particularly helpful to the small and medium-sized businesses do not have advanced marketing skills to reach overseas buyers more easily. Meanwhile, speedy action is necessary in establishing the necessary Internet infrastructure as individual companies here may begin taking their own steps, which will increase the overall cost when establishing central network system could eliminate repetition of certain facilities or equipment. e-Trade is a trading tool that saves much cost while upgrading efficiency.

Therefore, it should take more proactive role in e-Trade talks in regional and multilateral conferences. Korea will take initiatives in the creation of global e-Trade through the harmonization and interconnection of other countries, and besides cooperated with the development and establishment of trade automation as a way to evangelian and spread its own e-Trade system.

Needless to say, there are many obstacles to overcome if e-Trade is going to fulfill its full potential. International differences in taxation, trade procedures, and technology standards are some examples of such obstacles. These are difficult problems that cannot be resolved overnight, but the Korean government believes that promoting e-Trade is one of the most important ways in promoting international between Korea and Mercosur member countries.

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