

Interview with H.E. Adnan Kassar, Minister of Economy and Trade



What, in your opinion, are the main barriers to the growth of e-commerce in Lebanon?

A E-commerce is a relatively 'new' development worldwide and one that is still in its infancy in our region of the world. Lebanon is well positioned relative to the countries of the region to develop e-commerce.

Indeed, Lebanon has one of the highest rates of internet usage in the area, a good PC penetration rate, abundant human talent and resources in IT and particularly in software and web design, and no money transfer restrictions. Lebanon's dynamic and entrepreneurial private sector and the country's substantial diaspora are other key elements for the development of e-commerce in our country. For e-commerce to flourish, the private sector must continue to lead.

A major inhibitor of e-commerce growth in Lebanon has been the absence of a legal and regulatory framework for electronic transactions that would enable consumers and suppliers to trade online.

There are three other areas where progress is needed if e-commerce is to grow. First, access to the internet. Although some progress has been achieved in addressing the issues of cost and speed of access, much more is needed to ensure that Lebanon is competitive relative to some of the other countries in the region. Availability of access, particularly in remote areas, in terms of availability of computers, telephone lines, and internet connections, is also an issue.

Second, although credit card usage in Lebanon has increased in recent years, it still is not widespread. Therefore, a change will also be required in the payment habits of local consumers in order to increase their awareness and encourage their usage of e-payment methods.

Finally, there exists a lack of awareness on the part of consumers and businesses of the potential benefits of doing business online.

What are the initiatives being taken by the Ministry of Economy and Trade to facilitate or encourage e-commerce activities?

A A year ago, the Ministry of Economy and Trade launched, with the financial support

of the European Union, ECOMLEB: a 1.7 million euro project to enhance the development of e-commerce in Lebanon. The ECOMLEB project's key objective is to provide the legal and regulatory framework required for on-line transactions.

For e-commerce to grow in Lebanon, these legislations and regulations must be introduced in a coherent and timely manner. For this to become possible, an urgent and coordinated effort is required between all concerned parties, namely, the Ministry of Economy and Trade, the Ministry of Justice, the Ministry of Telecommunications, the Ministry of Finance, the Banque du Liban, OMSAR, Parliamentarians and the private sector.

The project's other objectives include capacity building for the institutions that will implement and facilitate the new regulatory structure, including judges, lawyers and accountants, working closely with the private sector to develop pilot e-commerce projects, and finally, a campaign for raising consumer awareness about the benefits of e-commerce.

What efforts do you think could start benefit by embracing the internet and online activities and why?

A Electronic commerce is part of this broader process of economic, social and cultural change characterized by the globalization of markets and the emergence of the "new economy". It overcomes difficulties of physical distance between producer and consumer. It reduces costs and barriers to market entry. It improves access to information and makes it easier for smaller businesses to compete against larger ones. It has the potential to act as a powerful source of jobs and growth and as a social equalizer, helping to create stronger institutions both in the private and public sectors.

In a country with such a dynamic and entrepreneurial private sector, and an educated and sophisticated consumer base, the development of e-commerce should benefit all sectors of the economy, and should reduce the brain drain from which Lebanon suffers. Electronic commerce should also increase exports and act as a facilitator of local trade.

Lebanon's significant diaspora, disseminated throughout the world and estimated at several times the local population, will be a prime target of e-commerce suppliers, and prime consumers of the proposed online transactions. Therefore, the