Country Status Reports
<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Japan</th>
<th>Mexico</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td># Households (million)</td>
<td>353.5</td>
<td>47.7</td>
<td>22.8</td>
<td>105.0</td>
</tr>
<tr>
<td>Telephone lines/100 pop.</td>
<td>13.8</td>
<td>54.7</td>
<td>13.5</td>
<td>66.5</td>
</tr>
<tr>
<td>Mobile subscribers/100 pop.</td>
<td>11.2</td>
<td>57.2</td>
<td>20.1</td>
<td>44.4</td>
</tr>
<tr>
<td>Computers/100 pop.</td>
<td>1.9</td>
<td>34.9</td>
<td>6.7</td>
<td>62.3</td>
</tr>
<tr>
<td>Internet hosts/1,000 pop.</td>
<td>.1</td>
<td>72.7</td>
<td>11.0</td>
<td>375.1*</td>
</tr>
<tr>
<td>Total bandwidth (Tb)**</td>
<td>9.3</td>
<td>30.3</td>
<td>5.8</td>
<td>381.7</td>
</tr>
</tbody>
</table>
China: Interview Overview

- **Level of use**
  - The internet finally brings a medium/forum where people can both
    - Access massive amounts of information (which cannot all be censored)
    - Express themselves to a wide audience
  - Internet users in China embrace mobile phones – lower cost of entry compared with computers and broadband, also more personal and fashionable
  - Online gaming is a huge driver of broadband demand

- **Level of development**
  - ADSL broadband is widely available in urban areas and is leapfrogging dial-up where available
  - Wireless standards are still in flux - China is trying to figure out both 3G and strict data wireless (WiMax? Homegrown standard?)

- **Level of infrastructure**
  - The government still has an important role to play in developing under-penetrated (non-coastal) areas
  - State-owned backbone operators are performing “okay”

- **Barriers and facilitators to e-commerce**
  - Web payments, logistics, and legal framework are the “big 3”
China: Status Report

• **Level of use**
  - 8% internet penetration
  - 12.4 hrs/wk
  - 70% of internet users under age 30 (~30% for US)

• **Level of development**
  - 3.5:1 mobile users to internet users (highest globally)

• **Barriers and facilitators**
  - Lack of web payments system
  - Inefficient logistics/distribution
  - Low levels of trust
  - Thin-installed PC base
  - Regulatory environment
Japan: Interview Overview

• Level of use
  – Japanese are technologically open minded and eager to use new technologies and applications.
  – VOIP is a “killer app” for broadband and has brought high-speed connections into the mainstream.
  – Japanese are proud of their premier position in the wireless data market and their culture encourages the use and success of new services that may not be successful elsewhere.

• Level of development
  – Japan is the world leader in m-commerce and as such has the highest usage rates of mobile data services in the world.
  – The high level of competition in the broadband area has led Japan to have the world’s lowest cost/megabyte along with the second highest average connection speed (after South Korea)

• Barriers and facilitators
  – Each of the principle Japanese wireless operators have three competing wireless data standards that are non-interoperable. This creates switching costs to consumers and forces content providers to offer three different versions of their products.
  – Digital Rights Management is not trusted by many Japanese content providers. As a result, this discourages them from offering content electronically
  – Privacy issues are a principal concern of Japanese consumers.
  – Financial institutions have been slow to support e-commerce so access providers have taken this role through on bill invoicing.
• **Level of use**
  – 62.1% mobile phone penetration in Japan\(^1\)
  – 79% of mobile phones can access Internet\(^2\)
  – 14.95 million broadband subscribers by end of March 2003\(^3\)
  – 2,575 billion yen spent on digital content in 2002\(^4\)

• **Level of development**
  – Average 26,000 Kbit/sec broadband download\(^5\)
  – 16.7% of Japan's towns and villages are not provided with broadband services as of March 2004 and about 40% of rural areas have no access to any broadband Internet service\(^6\)

• **Barriers and facilitators**
  – Inexpensive and high bandwidth broadband - $.09 per 100kbit/second\(^7\)
  – Voice Over IP services is acting as a “killer app” for broadband
Mexico: Interview Overview

• Level of use
  – Use has increased greatly in the last several years, but most people use the Internet for news and information
  – Of the people who do use the Internet, almost half use dial-up to access online content

• Level of development
  – Broadband access very low
  – Although e-Mexico, has made significant strides in narrowing the digital divide, further development is still needed

• Barriers and facilitators
  – Government does not provide sufficient incentives
  – Strong IT labor force and strong entrepreneurial culture, but not enough ties with the universities and private sector
  – B2B e-commerce potential is huge, but must overcome cultural issues – “People do business with a peso and a handshake.”
  – B2C e-commerce potential is low due to lack of trust in credit cards, lack of computers in many homes, and cultural norms of face-to-face transactions and viewing products before purchase
Mexico: Status Report

- **Level of use**
  - 19.8% computer users in Mexico in 2002\(^1\)
  - 10.6% Internet users in Mexico in 2002\(^2\)
  - E-commerce penetration was approximately .17% in 2000\(^3\)

- **Level of development**
  - 49% of population uses dial-up services\(^4\)

- **Barriers and facilitators**
  - Low credit card penetration
  - Mobile telephony has dramatically increased since the late 1990s, setting stage for m-commerce\(^5\)
USA: Interview Overview

• Level of use
  – Digital goods will be the driving force behind e-commerce growth.
  – Internet has become a part of the American life-style.

• Level of development
  – There is a large, growing demographic of youth with a higher acceptance of the Internet
  – The private sector has done a sufficient job in developing the Internet.

• Level of infrastructure
  – Broadband will be the fastest growing segment in Internet access.
  – Consumers have many different choices of accessing the Internet such as dial-up, DSL, Cable, and Satellite.

• Barriers and facilitators
  – Privacy and security are major concerns for continued e-commerce growth.
  – Financial institutions have been providing sufficient settlement channels.
USA: Status Report

• Level of use
  – U.S. retail e-commerce sales for 2\textsuperscript{nd} quarter of 2004 was $15.7B
  – 21 million websites with 16% capable of e-commerce transactions in 2002

• Level of development
  – Spend 2.6\% of GDP on R&D in 2002
  – Large demographic of younger “Internet accepting” generations

• Level of infrastructure
  – Broadband penetration by 50\% at end of 2004
  – 43 public Internet exchange points

• Barriers and facilitators
  – Mature credit card market
  – Private companies like VeriSign that help facilitate e-commerce