



Office of the President of the Philippines  
COMMISSION ON INFORMATION AND COMMUNICATIONS TECHNOLOGY

**THE 2008 PHILIPPINE E-COMMERCE FORUM:**  
*Pooling Perspectives, Perceptions and Paradigms for Progress*  
Veritas Room, 4<sup>th</sup> Floor Ateneo Professional Schools Building  
Rockwell Center, Makati City  
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*Keynote Address*

**SEC. RAY ANTHONY ROXAS-CHUA III**

*Chairman, Commission on Information and Communications Technology*

On behalf of the Commission on Information and Communications Technology, I would like to express my heartfelt gratitude to all of you for participating in our E-Commerce Forum. I would like to acknowledge the Department of Trade and Industry and the Philippine Internet Commerce Society, our co-organizers, which have readily offered their material and technical resources in making this gathering possible. I would also like to acknowledge the Philippine Institute for Development Studies for sharing their technical expertise with us. This exemplifies a strong public-private sector partnership in our mutual goal of an ICT-enabled Philippines.

E-commerce has transformed trade and business practices as the Internet increasingly becomes the primary medium for exchange of goods and services. It has expedited business transactions, lowered transaction costs and brought together buyers and sellers in a common marketplace. E-commerce has gained momentum in the Philippines since the deregulation of the telecommunications sector in 1995. That year marked the development of infrastructures that would later become backbones of e-commerce such as telephones, mobile phones, PCs and the Internet. As of 2006, statistics from the National Telecommunications Commission show that the country has 43 million mobile subscribers; 408 NTC-registered ISPs and 2 million Internet subscribers. According to Yahoo!, the number of Internet users is much larger at 14 million, driven primarily by the proliferation of Internet cafes.

Along with the improvements in e-commerce infrastructures, the need for policies to govern the industry has become a central issue. In 2000, the Philippine E-Commerce Act was enacted based on the basic principles of the United Nations Commission on International Trade Law. The E-Commerce Act legalized electronic transactions and institutionalized e-commerce in the country.

The Philippine government recognizes the benefits of e-commerce to the country's economic growth. E-commerce enriches product choices and strengthens consumer

decision-making as they are allowed to access goods and services beyond national boundaries. It also broadens potential markets for businesses and encourages foreign direct investments. Hence, the Commission on ICT was created in 2004 to serve as the primary policy-making entity for ICT adoption and e-commerce development in the country.

The CICT pursues e-commerce-related initiatives under its E-Government Program. E-Government responds to the call of the E-Commerce Act for government agencies to facilitate transactions online. Our eGov Program assists national government agencies and local government units to develop their own websites and automate frontline systems to enable greater citizen access to government services. As of 2006, 93.9% or 352 NGAs and 99.8% or around 1,692 LGUs have established their presence on the World Wide Web. Moreover, 142 agencies have online services; 10 have online payment services and 49 agencies have some form of SMS-enabled services.

It is also with great pride that I announce that last March 28, the CICT launched the e-Services Portal, or eSerbisyo. eSerbisyo will provide access to government-to-business and government-to-consumer processes through a user-friendly interface that organizes commonly used government services in practical categories, such as health, employment, education, and social services. This interface will cater to all types of users and enable them to easily locate government-specific information and conduct paperless exchanges with the government. A key feature of eSerbisyo is the e-Payment Gateway, or eBayad. eBayad is a flexible payment mechanism that links citizens and businesses with major bank consortia, telecom operators and credit card companies for speedy financial transactions.

E-commerce is a booming industry in the Philippines. In 2005, the e-commerce industry was valued at US\$3.5 billion, including both business-to-business and business-to-consumer transactions. Many banks have also started to provide online banking facilities that enable clients to perform balance inquiry, fund transfer and online payment through the Internet. B2C however is adversely affected by the minimal number of credit card users in the country that numbered only about 3 million in 2005. I urge our e-payment solutions providers present here to showcase the latest innovations in alternative payment mechanisms that can address this concern.

Despite the abovementioned accomplishments, it can be said that e-commerce in the country is still in its infancy. We still lack sufficient legal and policy frameworks and sophisticated infrastructure. The E-Commerce Act could be further enhanced by incorporating provisions on data privacy, intellectual property rights, domain names, and other security issues. In pursuit of this, the CICT has formed a Technical Working Group on Data Privacy that will revisit and improve pending data privacy bills in the Senate and the House of Representatives. The TWG is composed of government, industry associations, such as the Business Processing Association of the Philippines, Philippine Computer Society, Chief Information Officers Forum and, of course, the Philippine Internet Commerce Society. It has had two meetings so far, and is currently drafting its

position on data privacy. The Data Privacy Survey initiated by Atty. Lalen Parlade is also being studied by the TWG as the survey will provide a snapshot of the private sector's understanding of the concept of "data privacy" and its scope, the desirability and form of regulation, and the government's role in data privacy regulation. Initially, the survey had been circulated among members of PICS, BPAP, IT Association of the Philippines, and the American Chamber of Commerce with a total of 75 respondents. Other associations that are also being consulted include the Management Association of the Philippines, Banker's Association of the Philippines, Philippine Marketing Association and the Credit Card Associations of the Philippines. Other foreign chambers such as the European and Canadian Chambers of Commerce were also asked to participate in the survey. Another piece of legislation that we are pushing for is the Anti-Cybercrime Bill, which defines various forms of cybercrimes and prescribes corresponding punishments. In October 2007, a cybercrime workshop was organized by the Department of Justice, the CICT and the Council of Europe, in cooperation with Microsoft. We are currently finalizing the draft bill, which incorporates the feedback from the workshop, for submission to the House of Representatives.

We also need to enhance our existing ICT infrastructures to support the development of the e-commerce industry. Our ISPs need to continuously improve their services to ensure faster, more reliable and more affordable Internet connectivity. The government and private sector must also intensify campaigns on the benefits of ICT to the community. The CICT is doing its part by providing PCs and Internet connectivity to municipalities and public schools in order to increase PC penetration nationwide. Through our Community e-Center, or CeC, Program, we hope to provide access to our 1,600 municipalities by 2010. These CeCs provide a variety of ICT-based services, including basic computer skills training, to enable community members to participate in the global information society. In addition, integration of computer literacy in the school curriculum should also be strongly encouraged to equip students with essential ICT skills that they need to compete in the digital age. Our iSchools Project responds to this goal and to date has provided 360 public high schools with computer labs and relevant digital content for enhanced classroom instruction. This is in line with Her Excellency President Gloria Macapagal-Arroyo's directive to connect all of the country's 5,000 public high schools to the Internet by 2010.

Within the area of the ASEAN, the CICT has led the proposing of a project to develop a database to serve as a benchmark for measuring the status of e-commerce implementation within ASEAN as well as for compiling information on e-commerce related data from ASEAN member-countries. We believe that this Forum will help us gather inputs and propose projects that are in line with international developments, particularly in ASEAN and APEC.

In light of all the issues facing e-commerce development, I am confident that today's event is a great opportunity for all the e-commerce stakeholders present here to fully assess e-commerce implementation in the country. The presentations from our speakers will enlighten us on where the Philippines stands and what the recent e-commerce

statistics reveal. This forum is also a venue for all the e-commerce advocates to come up with a critical evaluation of what we have accomplished so far and what still needs to be done. I strongly urge all of you to actively participate for a livelier and more meaningful discussion.

In closing, I would like to thank all the participants for your cooperation in making the 2008 Philippine E-Commerce Forum a great success.

Thank you and good day to all of you.