

WSIS FOLLOW-UP AND IMPLEMENTATION: "E-BUSINESS AND E-EMPLOYMENT"

Opening remarks by Mr. José Manuel Salazar,

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Ladies and gentlemen:

It is a pleasure to be among you for the first Action Line Facilitation meeting jointly held by the ITC, UNCTAD and the ILO. It provides us an excellent opportunity to join forces to analyse the economic and social implications of information technologies - the main driver of a fast changing global economic scenario.

As we know, ICTs offer enormous potential to the developing world. They open new markets and new opportunities to enterprises in the South. They have allowed many enterprises to sell their goods in ever more distant markets. And they offer the possibility of expanding the trade in cultural content and eco tourism in ways that can only be imagined today. These developments, in turn, can significantly expand employment opportunities in many developing countries.

I need not remind you that the generation of productive and remunerative employment that results in decent work is the only sustainable way of eradicating poverty. The grim employment and labour market situation in most parts of the world with one-third of the world labour force, or around 1 billion people, being either unemployed, underemployed or the working poor, has led to the realization that the Millennium Development Goals, especially in Africa, may not be met. Against this background the UN World Summit last year identified the goal of full employment and the creation of decent work as a national and global goal. I strongly believe that the information and communications revolution can play an important part in achieving this objective especially if we can harness it to serve the most vulnerable segments of the population.

But to be able to exploit these opportunities we **all** face daunting challenges. These, I hope will be the focus of your attention today.

All countries, but especially those in the developing world, must confront two distinct –and equally important – challenges: They must prepare themselves to compete in an ICT enabled world. This implies expanding the productivity and innovation of enterprises - all enterprises but particularly SMEs. Firms in the South must catch up with the productivity levels of enterprises in the developed world. ICTs can play a fundamental role in this endeavour. But enterprises will not be able to be productive or innovative if they do not develop their human resources. Workers will need to acquire new and different skills to adapt to the new production processes resulting from the information technology revolution. Entrepreneurs must understand the value and uses of such technologies and they must all join forces to adapt to new circumstances.

The example of my own country, Costa Rica, in this context may be of interest. Costa Rica took a policy decision from the early 1950s to shun expenditures on defense and made a deliberate effort to invest in education. Attracted by the quality of its human resources one of the world's largest semi-conductor companies INTEL made major investments mainly for the export market. This boosted economic growth in the late 1990s, dramatically improved the balance of payments, generated new jobs and saw the gradual growth of the domestic software sector. And of course INTEL is just the tip of the iceberg. There is a major cluster in Costa Rica around ICT-related production and activity. For instance, total software sales amounts to US 173 million, of which US 80 million is exports. And total direct employment in software related activities is 4.800 workers.

It is well known that no IT application has ever been successful without the full participation of those directly affected by it. We thus see that one of the ILO's fundamental principles – social dialogue – has very practical applications in a rapidly changing world. We at the ILO hope that the multi-stakeholder approach adopted by the WSIS will help society in general and workers and employers in particular to establish a dialogue that will smooth the introduction of new technologies.

We also face a second, absolutely critical challenge. We must ensure that the digital divide does not widen the already too large social and economic divides. One and the other are intimately linked. Unfortunately, technology is not neutral. ICTs expand the potential of those economies, enterprises and individuals already capable of using such technologies. At present it appears as if only the educated and the well off are benefiting in large numbers of the ICT revolution.

We see widening gaps between the wages of knowledge workers and others. The same thing happens with unemployment: unskilled workers tend to be out of work more frequently and they spend more time in unemployment than qualified persons. The use of ICTs requires qualified staff. The social partners must adopt policies and programmes to equip the most vulnerable individuals and workers with the tools to master ICTs and the other competencies required in the new conditions of the world economy. Without such action we risk seeing the poor getting poorer and the vulnerable becoming more exposed.

Much needs to be done. We must identify skill profiles that will allow the labour force to adapt to new production processes. We must develop entrepreneurship models that result in positive returns on investments in ICTs. We must reinforce negotiation and dialogue among social partners. We must enhance cooperation among SMEs to reduce access and capital costs and provide technical support. We must develop metrics to see how technological progress is modifying living and working conditions. We must devise new industrial policies that foster innovation and increase local value added. We must invest in education, both basic education and skills

development. We must develop financial and trust mechanisms to allow SMEs to access international markets. The list of the many tasks in front of us is vast, and I hope that we can all join forces to tackle these challenges together.

We welcome the opportunity to be knowledge brokers in this process. The challenges are vast but the opportunities are enormous.

I wish you well in this endeavour.