

Caribbean Companies and the Information Superhighway

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INTRODUCTION

With the explosion of public awareness of the Internet in the early 1990s, much attention has been focused on ways in which these new technologies can be used in developing nations. Some of the primary proponents of these initiatives include the World Bank, The United Nations Conference on Trade and Development (UNCTAD) and the Inter American Development Bank. The major themes include ways in which the Internet and electronic commerce can be harnessed for development, impediments to rapid diffusion of Internet technologies and success stories in small and medium companies.

Perhaps the most comprehensive review of these themes can be found in the United Nations Conference on Trade and Development's E-Commerce and Development Reports 2001, 2002 and 2003 (UNCTAD, 2001; UNCTAD, 2002; UNCTAD, 2003). Another rich source of information is Development Gateway's very comprehensive Web site, (<http://developmentgateway.org>), with links to hundreds of reports, publications and articles on the use of information and communications technologies in the development process.

Caribbean governments have also recognized the potential of the new technologies in fostering economic development. A search of the Web sites of regional newspapers turns up many stories written over the last decade promoting the Internet and electronic commerce. Once again, the major themes include the promise of electronic commerce for small and medium enterprises and factors precluding the effective utilization of the associated technologies and strategies in the region. (E-normous role in Ja for Net, 2000; Welcome to the Land of Pan, 2000).

Over last decade many Caribbean countries have witnessed massive investments in information and communications technology. Together, telephone companies, public and private corporations, cable television operators and Internet service providers have invested billions of dollars (United States currency) in new plant and equipment. These investments led to the introduction of an impressive array of new information and entertainment services. Simultaneously, many domestic banks introduced local and international credit cards.

These developments have given Caribbean businesses and residents unprecedented access to new infor-

mation sources via the Internet and cable or satellite television. Their credit card accounts also give them the ability to act on advertisements shown on American television and Web sites. As such, there is a possibility that local companies could find themselves in direct competition with larger, better-financed corporations in more developed economies.

This paper will briefly highlight some salient characteristics of the English speaking Caribbean. The second section will review developments in the information and communications technology arena throughout the Caribbean during the period 1990 to 2002. This will be followed by a brief discussion of the impact that the Internet and its associated technologies can have on buyer search costs and information asymmetry. The fourth section will attempt to show how declines in information asymmetry in the region may translate into lower market shares, prices and in some cases business failure at the regional level. Evidence from U.S. industries will be considered. The section before last will also briefly examine how local retailers may benefit from the Internet and electronic commerce. Finally, the paper closes with a review of avenues for future research that will help close the knowledge gaps at a regional level.

OVERVIEW OF THE ENGLISH SPEAKING CARIBBEAN

The English speaking Caribbean is made up of former and remaining colonies of the United Kingdom. Geographically the region stretches from the Bahamas in the northwest to Guyana, located on the South American mainland. While many Caribbean nations are categorized as developing states, per capita incomes, access to health care, education and technology are significantly greater than the developing regions of Africa, Asia and Latin America. Some of these characteristics are summarized in Table 1.

Another critical characteristic of the English speaking Caribbean is the close proximity of most of the territories to the United States-the leading adopter of electronic commerce technologies and processes. Miami is a major international trade hub for the region. The flying time from Miami to any of the islands ranges between 30 minutes to

Table 1. Selected developmental statistics for the Caribbean, Africa, Latin America and South East Asia

Caribbean	Population (2003)¹	GDP Per Capita US\$²	Infant Mortality (per 1000³)	Gross Enrolment Ratio (Secondary Level) 2001	Motor Vehicles (per 1000 inhabitants)⁴	Telephone Lines⁵	Internet Users as % of total population⁶
Barbados	270,000	9,486	11	103.3	268	48.1	5.56%
Bahamas	314,000	10476	18	91.5	342	40	6.75%
Guyana	765,000	936	51	90.5	100.8	9.2	12.42%
Jamaica	2,651,000	2,990	20	83.6	74	20.5	3.77%
St. Lucia	149,000	4,994	15	86	172	31.7	8.72%
St. Vincent and The Grenadines	120,000	2,940	16	72.5	117.8	22.7	4.58%
Trinidad and Tobago	1,303,000	7,031	14	70.4	219	24	10.59%

Africa							
Nigeria	129,000,000	435	79	32 ⁷	.6	.5	0.16%
Ghana	20,922,000	265	58	37.7	10.5	1.2	0.19%
Democratic Republic of Congo	52,771,000	91	120	18.4	No Data	No Data	0.01%
Mauritania	2,893,000	353	97	21.7	11.2	1	0.35%
Kenya	31,987,000	367	69	32	16.7	1	1.56%
Somalia	9,890,000	110	118	5.9 ⁸	No Data	.3	0.10%

Latin America							
Brazil	178,470,000	\$2,925	38	107	111.9	21.8	8.01%
Argentina	38,428,000	\$5,267	20	99.6	197.7	22.4	10.67%
Chile	15,805,000	\$4,310	12	85.5	135	23.3	19.63%
Peru	27,167,000	\$2,053	33	81.7 ⁹	50.1	7.8	7.36%
Ecuador	13,003	\$1,666	41	59.2	47.1	10.4	3.87%
Venezuela	25,000,000	\$3,134	19	68.6	100.2	10.9	5.08%

Asia							
China	1,300,000,000	\$918	37	68.2	10.2	13.7	1.19%
Philippines	80,000,000	\$925	29	81.9	34.3	4.2	2.50%
Indonesia	219,883	\$678	42	57.9	27.6	3.5	1.82%
Malaysia	24,425,000	\$3,748	10	69.6	18.8	19.8	26.61%
Thailand	62,833,000	\$1,865	20	82.8	126.1	9.9	7.64%
Vietnam	81,377,000	\$416	34	69.7	.7	3.8	1.84%

the Bahamas and 4.5 hours to Guyana. Each country is served by daily flights to the United States. Several shipping lines offer scheduled service between the United States' eastern seaboard and each country.

Selected ICT Developments in the Caribbean (1990-2002)

Telephone Companies

The largest ICT investor in the region is almost certainly Cable & Wireless (C&W) and its regional subsidiaries. C&W subsidiaries have invested billions of US dollars in fiber optic backbones, digital switching technology and cellular networks (C&W Deal Signals New Invest-

ments, 1999). Most have joined international consortiums such as the Americas I and II undersea cable projects (TSTT to spend \$540 million on upgrade, 1998).

Cable television companies have also invested heavily in new plants and equipment. Several are positioning themselves to enter the voice market when the telecommunications environment is liberalized. Caribbean consumers also have access to US television programming via DirecTV Latin America.

The Internet

Internet access is now firmly established in the English speaking Caribbean. Consumers can now access the Internet though dial-up connections, cyber cafes, schools,

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