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ETO Survey

This survey serves as a preliminary report into the usage and operation of the ETO System. It is by no means a definitive report. The survey is directed at the users whose experiences and suggestions are highly valuable in their assessment of the system. Based on the outcome of the findings, we hope to incorporate improvements to facilitate expediency and efficiency toward a more user-friendly operation and maximum impact in concluding real transactions using the ETO system.

Since its inception in 1993, the ETO system has operated on the premise that trade opportunities should be accessible to everyone around the world, regardless of geographical location, technology and infrastructure availability or economic status. The ETO System has since achieved a level of penetration and expansion of electronic trading that far exceeds expectations - using the Global Trade Point Network and the Internet, the ETO system has transmitted over 2 billion Electronic Trade Opportunities (ETOs) since 1993. At present, an average of 8 million companies in 173 countries are using the system everyday and over 3 million ETO emails are broadcasted around the world.

The ETO Switch under UNTPDC supervision is in the world Top 20 Sites per volume delivered daily December 1997 as per statistics published by Lsoft at http://www.lsoft.com/ltop/LTOP-199712.HTML#TOPBYDELIV

This is only the beginning. We expect to link every trader, big and small, from the most remote regions of the world to the most highly developed nations, with one another in the continuing quest to interconnect the global trade community. We are already increasing the quality and performance of the ETOs by using certification authority mechanim on which the evolution of the SEAL infrastructure is secured by the need for people to have secure/authenticated access to ETOs, and this for them to complete the transaction electronically.

As a preliminary survey, this report will begin the work towards incorporating the pragmatic applications for ETO users. The pursuit of trade efficiency in this area will continue with ongoing surveys to culminate in a definitive report that will be used to consolidate the network. We thank you for your input and support. Your suggestions are most valued and we hope you will continue to work with us towards the goal of ‘establishing a secure electronic trading environment without exclusion’ for everyone.

1. A SURVEY OF THE ETO SYSTEM

1.1. Purpose of the survey

The purpose of the survey of the ETO System is to study:

a. the effectiveness of the ETO System in distributing trade opportunities globally to small and medium sized enterprises.
b. the scale of coverage in develop and developing countries

c. the evolution of ETO usage from its inception to the present.

d. the basis for ongoing development of the ETO System to improve the efficiency and operation.

1.2. Methodology of the survey

Using the Internet web technology to disseminate ETO survey questionnaire and collecting the answers from the email box. So far we received answers from users in fifty twenty-nine countries were contacted in this survey.

Sampling method - random

- Period of survey 4 months
- September – December 1997

2. HISTORY OF THE ETO SYSTEM

What are Electronic Trading Opportunities (ETOs)?

The Electronic Trading Opportunity (ETO) System was started by the United Nations Trade Point Development Center (UNTPDC) in June 1993 in Bangkok, Thailand.

ETO started as a basic service to distribute trade opportunities via email and Newsgroups using a standard developed by the United Nations. As the name suggests, ETOs are offers and demands for products, services and investment.

In less than 5 years, the ETO system has become the largest trading exchange network on earth, with over 2 billion ETOs transmitted via the UNTPDC global switch since 1993. The ETO Switch under UNTPDC supervision is in the world Top 20 Sites per volume delivered daily December 1997 as per statistics published by Lsoft at http://www.lsoft.com/ltop/LTOP-199712.HTML#TOPBYDELIV

The ETO system is a free service provided by the United Nations to the global trading community to increase participation in international trade and to allow companies to trade with companies worldwide.

Many users describe the ETO system as the "CNN of international trade". Since 1993 the system has without interruption, transmitted trade leads every second of the day every year, to the present average of 8 million companies in 172 countries.

ETO started before the World Wide Web and the evolution of Web Sites interconnected via the Internet. The ETO system emerged as a result of the long practice of the UN to establish Trade Information Services in the 1980's. These services, mainly operated by
Chambers of Commerce and Trade Promotion organizations were all different and not interconnected, making it very difficult for the global dissemination of information and the standardization of the messages.

The main reason why the ETO system has replaced this type of Trade information Services of the 1980's are the email and Newsgroups which have global coverage and which use the Internet as a method of interconnecting the networks.

The Trade Opportunity (TO) is processed at the Trade Points and Associates and then distributed electronically to subscribers worldwide via the ETO e-mail central switch and via the Internet Newsgroups. The action to process the TO electronically using an international standard to organize the content makes the ETO a global system.

2.1. Development of the ETO system

Two United Nations Expert Groups have already discussed different aspects of the ETO system. The first major task of the Expert Group on Information and Standards in 1995 was to develop a UN/EDIFACT-compatible format for sending and receiving ETOs.

At Midrand, in April 1996, Trade Point Directors adopted a new ETO EDIFACT-compatible standard for the dissemination of ETOs, assisting the network in becoming more structured and paving the way towards the use of ETO information for complete electronic transactions. This EDIFACT format is now used by hundreds of thousands of companies and already represents 14% of all the ETO exchanges.

The big advantage of this ETO EDIFACT-compatible format is that it allows automated database exchanges among Trade Points. The Expert Group on Financial Sustainability and Cooperation among Trade Points discussed more policy-oriented aspects of ETOs, e.g. who can send and receive ETOs, the role of third party information providers, pricing of ETOs, etc. Clearly, every effort is being made to make ETOs fully compatible with international standards and to make them more useful to Trade Points.

There are two types of ETOs sent by e-mail: tagged and free text. The tagged ETOs are sent to the UNCTAD Trade Point Development Centre (TPDC) by Trade Points and some ETO Associates. They consist of specific data fields, each of which is identified by a tag (code) at the beginning. When the ETO system first started, three-character tags were used. Now, the UN/EDIFACT-compatible five-character tags are used as part of the ETO format agreed upon by the Expert Group. The tagged ETOs are the highest quality ETOs.

The largest quantity of ETOs are "free text". The main reason is the fact that ETO users are mainly companies progressively moving their fax operations to ETO operations. Companies using the fax for international trade are used to free format communications without the need to pre-format the data. As habits are difficult to change, this practice still predominates. The ETO system will work better with structured data but it will also accept unformatted data to incorporate this section of the market.

The free text ETOs have not been processed by the UNCTAD-TPDC and are unstructured. They are forwarded to the central ETO-e-mail switch from the Internet, both from individual companies and ETO Associates. Currently, an approximate one hundred of these free text ETOs are received or collected each working day by the UNCTAD-TPDC. Some are sent out via e-mail; others are put into the Newsgroups, described below.

Since January 1996, the UNCTAD-TPDC has also begun distributing ETOs via Newsgroups on the Global Trade Point Network (GTPNet) server. Each Newsgroup contains a specific category of ETOs which can be viewed by country sub-category on the WWW server.
The ETO News groups have become immediately popular with the Internet community. The number of hits have increased from 870,000 in the month of January 1996 to about 1,900,000 hits per day in December 1997. (A "hit" is registered every time a user clicks on a hypertext link to download an ETO from the Newgroup menu or at the ETO Listserv index and database file.)

Several thousand trade organizations receive ETOs daily via e-mail or Newsgroups. However, the total reach of ETOs is much more since many of these organizations re-broadcast the ETOs. For example, Trade Point Korea distributes the ETOs daily to its 67,000 customers, Trade Point New Delhi, prints the ETOs in a newsletter which is distributed to thousands of traders in India, Trade Point Los Angeles operates and ETO based Web services which is very popular in the US, the China Trade Point Development Center CNTPDC at the Ministry of Foreign Trade and Economic Cooperation is planning to distribute ETOs to 2.5 million companies in China using the Secure ETO smart card system, Tel Aviv, Isreal Trade Point is already providing ETO services with Web Site incubation and is a very active ETO user. Several Trade Points are quite active in the use of the ETO system, Trade Points in Mendoza, Montevideo, Los Angeles, Solovения, Harare, Delhi, Tel-Aviv, Seoul, Shanghai.

All major Trade Opportunity services in the Internet are using ETO as a method of interconnecting their users with the ETO community, these services are now cooperating as ETO Associates, sending ETOs at no cost to the ETO Switch for the benefits of the GTPNet. Companies such as Buyersguide's Bulletin Board; woo@BUYERSGUIDE.COM EC Korea Trade Leads; yhbyun@KTNET.CO.KR India Trade and Technology Centre for Electronics; rte12@GIASBG01.VSNL.NET.IN US TradeWind; eto@intl-trade.com; The Import-EXport Bulletin Board; demand@iebb.com Worldwide Network Export Services; exec@MAGNUM.COM.AU Korea Trade Promotion Organization KOTRA, YUNET, EUNET, American Liberty Exports; amlibexp@ECENTRAL.COM SwissInfo.net, Comercio Exterior Camara de Industria Cbba - Bolivia; informacion@CAMIND.COM SICUSA; sicusa@WORLDNET.ATT.NET among many others are frequent users of the ETO switch to distribute their Trade Leads. Also many private individuals working at home or from small organizations are now establishing ETO Valued Added Services and producing a large quantity of ETOs which are provided at no cost for the GTPNet. You can visit the ETO related Sites at : http://www.untpdc.org/untpdc/eto/etoworld.html

A reasonable estimate is that over 8 million companies receive ETOs everyday in January 1998. This estimate is based on information received from Trade Points, ETO Associates and WWW queries. ETOs are received via e-mails, BBS, specialized databases, Home Pages, Newsgroups, publications, newspapers and CD\ROMs depending on the distributor and country.

A particularly important feature of the ETO system is the distribution of ETOs point-to-point and company-to-company. This is in contrast to older systems which posted information on a bulletin board system or relied on country-to country exchanges at a more official level. Companies receive ETOs in their e-mail boxes or from their local Trade Point, or they download the ETOs from the ETO Newsgroups straight into their computers. The ETO system is directly in touch with the people who make trade happen.

**Impact on Businesses**

With over 8 million companies around the world receiving ETOs each hour of the day, it is clear that the ETO system has a huge impact upon international businesses. Here are some feedback comments:

The main advantages listed by the ETO users related to the the system are:

**Cheap**

Sending Trade Opportunities using the ETO switch is cheap as the only cost is the email message cost to the ETO switch which is very cheap compared with postal mail or long-distance telephone calls to all the recepients.
**Fast Delivery**

Delivery times of ETOs are often measured in seconds, compared with days or weeks for postal mail.

**Recipient’s Location**

ETO messages always reach a roaming recipient at a variety of locations worldwide.

**Easy to Send to Multiple Recipients**

It's much easier to send an ETO email message to a very large group of subscribers than to copy documents, address and mail envelopes.

**ETO’s Messages Can Serve as a Record**

ETO Email communications, like postal mail, provide a record of what was said that can be saved and referred to later if desired.

**Increase the chance to penetrate in foreign markets**

ETO users do not need to know the final location of the ETO subscribers and optimize the penetration in markets without previous experience. Many ETOs are concluded between Traders from countries not traditionally trading among them.

**Increase participation in International Trade**

Increase the changes of small traders to trade with big companies all all ETO users receive the ETOs from everyone.

3. Results of the survey

10.0% public sector

24.7% private sector

5.3% traders

**Analysis**

Analysis of responses to the following questions:

- Usage of ETO by sector

10.0% from the public sector

24.7% from the private sector

65.3% traders

- Since when have you been receiving ETO?

  1. 64%
  2. 29%
  3. 6%
1% did not answer this question.

- **Are you sending ETOs to the UNTPDC switch?**

  73% send ETOs to the UNTPDC switch
  21% do not send ETOs to the UNTPDC switch
  6% did not answer this question.

**How do you send ETOs?**

38.0% via Trade Point
31.3% via ETO Associates
30.7% via other means

- **How many responses do you receive for every ETO?**

  1-10 responses 69.6%
  10-30 responses 16.0%
  30-100 responses 4.5%
  More than 100 responses 9.9%

- **Do you broadcast ETOs?**

  Yes – 45.33%
  No - 48.67%
  9% did not reply to the question

- **Do you have a means of following up ETO?**

  Yes – 62.0%
  No - 33.3%
  4.7% did not reply to the question.

- **Have you or the companies to which you disseminate ETOs ever responded?**

  Yes – 62.0%
  No - 23.0%
15% did not reply to the question.

Do you know of any trade transactions which resulted from ETOs?

Yes – 27.0%

No - 45.0%

28% did not reply to the question.

What are the values of the transactions resulting from ETOs?

47.0% $1,000 - $10,000

17.0% $10,000 - $50,000

13% $50,000 - $100,000

13% $100,000 - $1,000,000

10% more than $1,000,000

- Geographical location of ETO users
  (A) List of Countries sending to the UNTPDC Switch and percentage of the total traffic

  - USA 20.7%
  - China 16.0%
  - Australia 5.3%
  - Switzerland 4.7%
  - Canada 4.6%
  - Egypt 3.3%
  - Hong Kong 3.3%
  - India 2.7%
  - Israel 2.0%
  - Romania 2.0%
  - Taiwan 2.0%
  - Singapore 2.0%
  - Italy 2.0%
  - Vietnam 2.0%
  - Chile 1.3%
  - South Africa 1.3%
  - Netherlands 1.3%
  - Denmark 1.3%
  - Armenia 0.7%
  - Colombia 0.7%
  - Portugal 0.7%
  - U.Kingdom 0.7%
  - Mexico 0.7%
  - Malta 0.7%
Turkey 0.7%
- Ukraine 0.7%
- Malaysia 0.7%
- Thailand 0.7%
- Venezuela 0.7%

(B) List of Countries receiving ETOS and domain names

- ETO Country Domain Recipient: .uk (United Kingdom)
- ETO Country Domain Recipient: .se (Sweden)
- ETO Country Domain Recipient: .fr (France)
- ETO Country Domain Recipient: .kr (South Korea)
- ETO Country Domain Recipient: .cn (China)
- ETO Country Domain Recipient: .sg (Singapore)
- ETO Country Domain Recipient: .gr (Greece)
- ETO Country Domain Recipient: .no (Norway)
- ETO Country Domain Recipient: .us (USA)
- ETO Country Domain Recipient: .ke (Kenya)
- ETO Country Domain Recipient: .sk (Slovak Republic)
- ETO Country Domain Recipient: .mt (Malta)
- ETO Country Domain Recipient: .ni (Nicaragua)
- ETO Country Domain Recipient: .pe (Peru)
- ETO Country Domain Recipient: .pa (Panama)
- ETO Country Domain Recipient: .sv (El Salvador)
- ETO Country Domain Recipient: .lt (Lithuania)
- ETO Country Domain Recipient: .ph (Philippines)
- ETO Country Domain Recipient: .fj (Fiji)
- ETO Country Domain Recipient: .lb (Lebanon)
- ETO Country Domain Recipient: .bh (Bahrain)
- ETO Country Domain Recipient: .mu (Mauritius)
- ETO Country Domain Recipient: .ve (Venezuela)
- ETO Country Domain Recipient: .ec (Ecuador)
- ETO Country Domain Recipient: .dm (Dominica)
- ETO Country Domain Recipient: .pk (Pakistan)
- ETO Country Domain Recipient: .na (Namibia)
- ETO Country Domain Recipient: .sz (Swaziland)
- ETO Country Domain Recipient: .np (Nepal)
- ETO Country Domain Recipient: .jo (Jordan)
- ETO Country Domain Recipient: .mv (Maldives)
- ETO Country Domain Recipient: .gt (Guatemala)
- ETO Country Domain Recipient: .hn (Honduras)
- ETO Country Domain Recipient: .fm (Micronesia)
- ETO Country Domain Recipient: .lc (Saint Lucia)
- ETO Country Domain Recipient: .ma (Morocco)
- ETO Country Domain Recipient: .jm (Jamaica)

Operational Considerations

1. Which dissemination method is better for your situation?
90.0% Email
5.3% News group
4.7% www

2. **What software is used in sending and receiving ETOs?**
   - 16.0% special software
   - 68.7% no software
   - 15.3% did not reply to the question.

3. **What type of ETO format is used?**
   - 66.0% prefer free format
   - 17.3% prefer structured format
   - 16.7% did not reply to the question.

4. **Are you interested in moving ETO free format to EDI?**
   - Yes – 44.7%
   - No - 51.3%

5. **Do companies need electronic commerce technologies for their trading operations?**
   - Yes – 60.6%
   - No - 26.7%
   - 12.7% did not reply to the question.

6. **Do companies know of any other existing services similar to ETO?**
   - Yes – 48.0%
   - No - 40.7%
   - 11.3% did not reply to the question.

7. **Will you subscribe to ETO for a fee?**
   - Yes – 45.3%
8. **What would be an appropriate subscription fee?**

- 46.67% No charge
- 34.67% No reply
- 5.33% Less than $10
- 6.67% Between $10 - $50
- 6.67% Between $50 - $100

**Conclusions**

- ETO users are mainly traders (65.3%)
- ETOs are sent to the UNTPDC switch (73%)
- Trade Points and ETO Associates are used to send ETOs (69%)
- ETO users receive between 1-10 responses.
- There is no clear indication on the majority preference to broadcast ETOs.
- Means to follow up on ETOs (62%)
- Majority of companies responded to ETOs (62%)
- Majority did not know of any ETOs resulting in trade transactions (45%)
- Of the countries surveyed, 20.7% get access to ETO through USA and 16% through China. More than 50% of the countries get access through the following countries: USA, China, Australia, Switzerland and Canada.
- Email is the best dissemination method (90%)
- Free format style is the preferred style (66%)
- There is only a small difference between users wanting to move ETO free format to EDI
- More than 50% need electronic commerce technologies for their operations
- The survey showed an overwhelming 80% against the levying of subscription fees.
- 36.7% use Trade Points to send and receive ETOs

**3. Recommendations**

(These recommendations are proposed based on the findings of this survey)

1. To develop a filter system which would provide ETO users with supply and demand information in various categories within their specific markets. This would streamline the operation and increase the efficiency of the trading environment.

2. Security and authentication issues to protect the ETO user. All ETOs generated through the GTPNet (Global Trade Point Network) will be authenticated by the Trade Points located in the region. Trade Points are linked by SEAL (Secure Electronic Authenticated Link) hubs to UNTPDC servers and mirror sites in over 60 countries, effectively forming a secure "intranet" of trading enterprises and trade-related services. A major benefit of this intranet is that it prevents unwanted intrusion by enterprises which have not been
accredited by a certifying organisation such as a Trade Point. ETO users have the option of this facility by either posting their ETOs through Trade Point or through their regional network which connects to the GTPNet.

3. Intelligence on the ETO System and the GTPNet to be communicated globally in the language of the country, to further a better understanding of the benefits of the system to every user. This will no doubt increase the usage of the ETO system and enhance the Trade Efficiency program.

4. The issue of subscription charges will have to be followed further following the findings of the survey which was inconclusive on the matter. The percentage of respondents who said yes to a subscription fee is nearly the same as the percentage of those who said no.