# OECD

ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

# SUMMARY
# OF THE CHAIR

**OECD Ministerial Meeting**
on the Future of the Internet Economy

**Seoul, Korea, 17-18 June 2008**

Hosted by 방송통신위원회
KOREA COMMUNICATIONS COMMISSION

# OECD MINISTERIAL MEETING ON THE FUTURE OF THE INTERNET ECONOMY

Seoul, Korea, 17-18 June 2008

Summary of the Chair of the Meeting

OECD Member countries organised the Ministerial Meeting in recognition of the increasingly critical role of the Internet to our economies and society. The Internet is proving to be a powerful driver of innovation, growth and productivity globally. Moreover, it is providing opportunities for significantly improving performance in diverse areas, including the environment, health care, education and public services. Realising its full potential, however, requires governments and other stakeholders to work closely together to create and maintain a policy environment and infrastructure that are robust and responsive to a growing set of challenges and opportunities.[1]

The Government of Korea hosted the Meeting, which was chaired by Mr. See Joong CHOI, Chairman of the Korea Communications Commission. Opening addresses were made by Mr. CHOI and Mr. Angel GURRÍA, Secretary-General of the OECD. A congratulatory address was made, via video, by Mr. BAN Ki-moon, Secretary-General of the United Nations. Mr. Myung-bak LEE, President of the Republic of Korea, welcomed Ministers and participants and highlighted the importance of the Internet for the global economy and society, and the need to strengthen international co-operation in key areas, including information security.

The Meeting, which was the first OECD Ministerial Meeting held in Asia, brought together Ministers, senior government officials, the heads of major intergovernmental organisations, industry leaders and representatives of the Internet technical community, civil society and organised labour. In all, close to 2,200 participants from 68 economies attended the Meeting, which was

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[1]     Further documentation on the Ministerial is available on the Internet at the following URL: http://www.oecd.org/futureinternet.

webcast. In addition to the participants, many more contributed to the Meeting via the Internet.

The *Seoul Declaration for the Future of the Internet Economy* was adopted by 39 countries and the European Community.[2] It outlines the basic principles that will guide further development of the Internet Economy. In addition, Ministers welcomed and recognised the importance of the OECD report on *Shaping Policies for the Future of the Internet Economy*, recommending that governments consider it in developing their policies. The report includes new policy guidance in eight areas; in two of the areas, formal Council Recommendations were adopted.

## OUTCOMES

The growing impacts of the Internet on economies and on society were highlighted, as was its role in spurring innovation and growth. While the number of users and high-speed access are growing rapidly worldwide, concerns were expressed about digital divides, both within and among countries. Efforts to expand access need to continue. Mobile devices with Internet access, it was noted, could contribute importantly in this regard as their use in developing countries is advancing rapidly; this is expected to continue.

Other important issues would also need to be addressed. Users are concerned, for example, about malware, identity theft, privacy and security. On the technological front, convergence of information and communication platforms, new generation networks and high-speed Internet access are benefitting society, but their rapid development is challenging regulatory bodies, as existing approaches are often inadequate to respond to rapid changes in markets. It was suggested that changes in policies and regulations might best focus on two principles – promoting competition and protecting consumers.

Many of the questions raised, it was noted, could not be dealt with effectively in a domestic context; they would benefit from a global debate, in which all stakeholders participate. Questions on network openness and network

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[2]     The *Seoul Declaration* was adopted by Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Senegal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America and the European Community,

neutrality provided two examples. Global co-operation is also needed to address security challenges, cyber-criminality and other cross-border issues.

Non-governmental stakeholders reported on the results of forums that they held on 16 June, and provided their conclusions and recommendations to Ministers, for their consideration at the Meeting.

*The Internet technical community* called on governments, civil society, the private sector and individuals to work together to achieve the fullest benefits of the Internet by supporting: *i*) affordable access to open and neutral networks; *ii*) communication policies which assure privacy and anonymity and that limit content controls; *iii*) policies that encourage open technical standards and protocols; *iv*) an ability to share information by fostering balance in the system of intellectual property rights; and *v*) policies that promote competition and diversity in telecommunications, Internet services, products and applications.

*Civil society and organised labour* urged that policy goals for the Internet Economy be considered within the broader framework of the protection of human rights, the promotion of democratic institutions, access to information and the provision of affordable and non-discriminatory access to advanced communications networks and services. They made a number of recommendations, stressing the need for OECD countries to: *i*) defend freedom of expression and, in this context, oppose mandated filtering, censorship and criminalisation of content that is protected under international freedom of expression standards; *ii*) protect privacy and transparency by, for example, establishing international data standards that are legally enforceable; and *iii*) address the learning and training needs of workers and environmental issues. In addition, they urged that a civil society advisory committee to the OECD be established to formalise its participation in the work of the Organisation.

*The business community* indicated that the fundamental challenge for business, governments and civil society is to work together in order to ensure that policy frameworks continue to foster economic growth, investment and innovation. Seven essential conditions were presented: *i*) an environment characterised by transparent legal regulatory frameworks that promote competitive markets; *ii*) appropriate incentives and legal protections, including respect for intellectual property rights; *iii*) incentives for investment in high-speed communications infrastructures and next generation networks, as well as new media and information technologies; *iv*) continued and enhanced respect for the privacy of personal information and recognition of the benefits of global information flows; *v*) a stable, reliable and trusted infrastructure capable of addressing and responding to emerging risks and threats; *vi*) an educated workforce; and

*vii*) respect for recognised international standards that are established through transparent, market-driven, consensus-based mechanisms.

The Meeting focused on five themes.

### *Improving economic performance and social welfare*

Participants discussed principles needed to achieve a strong, sustainable and global Internet economy, capable of achieving economic growth and at the same time meeting social requirements and global challenges.

It was noted that governments need to change. The Internet was seen as a fundamental tool to improve transparent and efficient governance and support democracy. Participants highlighted the evolution from e-government to "you-government" in public service development. This is resulting in a more direct and interactive relationship between users and governments, and in more responsive and efficient institutions and processes.

The opportunities offered by the Internet to address global challenges were also discussed. Business and government participants alike stressed that the Internet is an essential tool to help meet sustainable development objectives, address environmental issues, in particular, to tackle climate change. Participants also stressed the role of the Internet for individual and businesses to actively take part in global economic and social life. In this context, Internet broadband access is fundamental, and should be a political priority to avoid the creation of new digital divides. Digital solidarity is important to ensure Internet access in developed and developing countries.

Recognising that the Internet serves the interests of society as a whole, a key challenge was identified: to guarantee a competitive market able to stimulate investment and innovation. The question was what governments could do to address this challenge. Governments recognised that legacy policy frameworks are not always appropriate for the Internet, and that policymakers should be cautious in how they develop new policy decisions. Policies in this field need to be flexible, scalable and extendible, in order to ensure that we continue to benefit from the full potential of the Internet.

Participants stressed that governments would need to consult widely in order to develop appropriate policies, reaching out to new players and stakeholders. Peer reviews, benchmarking, and in-depth policy analysis were seen to be particularly useful in this regard, and it was recognised that the OECD provides a suitable forum to facilitate such work.

*Benefiting from convergence*

Participants viewed broadband connectivity as becoming a cornerstone of the Internet Economy and there is a need to extend high-speed access to all consumers, businesses and geographic areas. However, coverage alone would not ensure the take-up of services. Special attention should be paid to promoting e-literacy among the population and promoting the availability of local content online. Emerging economies were seen as having special challenges in the context of convergence, given lower household incomes and less developed infrastructures. There are various ways to bring connectivity to under-served areas and, it was noted, governments need to be proactive with their policymaking in this regard. It was suggested that the OECD examine how universal service obligations might be adjusted to take into account the needs of under-served areas for high-speed broadband.

Convergence not only includes the ability of a single platform to carry a range of traditional services. It implies the creation of new applications, services and economic opportunities. Participants examined communications policy and regulatory frameworks, with a view towards identifying where changes are needed to foster convergence and the development of next generation networks. Ministers recommended the development of OECD instruments to guide the formulation of policies for the development and use of converged communication networks. In this regard, governments were seen as needing to create frameworks which promote the development of competitive markets, facilitate market entry and provide benefits to consumers.

Users have now become active drivers in the changes taking place in technologies and in services and can help create competition if they have sufficient flexibility to choose among service providers. The OECD was seen as being well-placed to study how regulations need to evolve to ensure that they provide adequate incentives for investment while safeguarding and promoting competition and empowering consumers.

New services and applications will place increasing demands on networks and will require very high bandwidth availability as the amount of data traversing networks increases. Much of this growth will come from new devices attaching to the network. However, the limited number of IPv4 addresses could stifle a continuation of the growth we have seen over the previous 10 years. Governments were called on to help ensure a smooth transition to IPv6; they could play an important role as leaders in early adoption of IPv6.

Trade policy may need to play a larger role in the future if domestic regulations placed barriers on the cross-border exchange of online applications and services on the Internet. Finally, the OECD was called upon to be the forum for sharing experiences and expertise among countries and to ensure that we have a reliable and uniform system of indicators to measure changes in markets.

### *Promoting creativity*

Ministers assessed the links between the Internet and ICTs, and creativity and innovation, how they are re-shaping science and research, and the development of new ways of producing knowledge. They emphasised the contribution to economic development and recognised the necessity of including more women in the creative process. They acknowledged the growing importance of digital content development and use in all activities, and the growth of the participative web. They also discussed how the Internet and ICTs can contribute to addressing environmental challenges and the opportunities for OECD to advance new work and applications in this area.

They agreed that the contributions that the Internet and related ICTs make to boosting research and innovation are very important. They noted the OECD policy guidance on digital content and the OECD Council Recommendation on public sector information which aims to improve the access to and use of public information for the benefit of all.

Participants noted that much has already been achieved and the potential is great. However there are considerable challenges to ensure that the Internet remains open and free, and for example that the possibilities for using distributed networks for research and linking an ever-increasing array of sensors and devices are achieved. Examples of the challenges include the development of smart grids and control systems, smart buildings and transport systems, and improved resource use.

It was pointed out that creativity is essential, that it is nurtured by creative and innovative environments, but is also unpredictable and difficult to develop and manage simply. The role of talent, technology and tolerance in the creative process were emphasised, along with developing the appropriate role of the education system in encouraging creativity.

The relations between amateurs, professionals and creativity are shifting, unlocking new pathways to the production of knowledge. The need to work out how governance of intellectual property will be collectively managed was also raised. The Internet was seen to potentially encourage cultural diversity and that

this needs to be based on Internet availability and accessibility, and the social readiness to use it creatively. Assuring that we support creativity more effectively will require governments and all stakeholders to work together.

### Building confidence

Participants from countries at different levels of uptake of the Internet agreed that user confidence online is key. Internet can make life easier for everyone, from people in remote villages to global enterprises. However, the features that make the Internet so attractive – openness, anonymity and global reach – are also potential vulnerabilities. No country is excluded from the opportunities that the Internet can bring and no country is spared the challenges of securing confidence in the Internet.

Participants discussed ways to collectively address a number of intertwined challenges related to security, privacy, digital identity management and consumer protection. Risks include data breaches, identity theft, cyber fraud and the growing problem of malicious software. They considered the importance of empowering consumers and protecting children from online exploitation and abuse. The need to further develop a culture of information security was emphasised; this would include protecting critical information infrastructures, as called for in the recent OECD Council Recommendation, and preserving democracy.

There was strong support for enhanced international collaboration to address Internet confidence, building upon the foundations already developed at the OECD and in co-operation with APEC and ITU. In some areas, like privacy and information security, a global dialogue focused on outcomes rather than approaches can only be beneficial. To fight cyber-threats, widespread use of formal instruments like the Council of Europe's Convention on Cybercrime is important. Informal arrangements such as the International Consumer Protection Enforcement Network or the London Action Plan are also valuable.

Partnerships were highlighted as important components for advancing the confidence agenda. Technical experts can contribute to policy debates about ever more complex threats as criminals commercialise malicious activities, targeting users as well as enterprises. Partnerships, in particular with civil society, can also help to meet the challenge of ensuring user understanding and awareness in an increasingly complex environment.

Participants concluded that, by sharing experiences and working collaboratively, countries can meet a diverse range of threats and, with resolve, ensure the Internet continues to advance economic prosperity and social well-being.

### Expanding the global Internet Economy

Participants examined the key factors underlying the successful development of the Internet. They highlighted the importance of dialogue and co-operation with developing economies in reducing digital divides and expanding the economic and social opportunities more broadly.

The importance of advances in technology and policies that promote "enabling environments" that are pro-competitive and technologically neutral was noted, as were the benefits of strong, legally-based regulatory frameworks. Sharing best practices in this area was encouraged. The role of the private sector in leading development was underscored. In the future, further growth of mobile phones was seen as being key to bringing Internet access to the next several billion users. The need for ongoing international co-operation in allocating spectrum was mentioned.

The importance of implementing the outcomes of the World Summit of the Information Society and the objectives contained in the Tunis Agenda was highlighted. This included ensuring that infrastructure and affordable ICT goods and services are expanded in developing countries to enhance economic and social development. Digital divides, whether in rural and remote areas or in areas challenged by low income and literacy rates, also need to be addressed. The further development of international domain names, implementation of IPv6, relevant content and creation of Internet Exchange Points in countries where they do not exist were supported.

The vital role of policies and practices that support capacity building and enable people to take greater advantage of the opportunities created by the Internet Economy were discussed. Countries, it was noted, have to maximise the free flow of information and ideas on the Internet in order to realise its full potential. At the same time, there is a need for cross-border co-operation to address threats to security and to maintain stability in infrastructure and services at the global level. The key role of multi-stakeholder participation in forums where policies and practices are developed to support the Internet was stressed.

## INTERACTIVE PANEL OF EXPERTS

A panel of experts addressed Internet and ICT technological development and their economic and social impact over the coming decade. Predictions are difficult given the dynamic nature of the Internet. Issues discussed included multilingualism, the need for developing economies to build their own Internet exchange points,

embedded networked sensors and virtual worlds. The protection of privacy was identified as a cross-cutting challenge to be systematically addressed at the earliest possible design stage of technology.

## FURTHER STEPS

In addition to the areas mentioned above, Ministers called on the OECD to work closely with stakeholders to analyse developments in the Internet Economy and, based on this analysis, to promote policy and regulatory principles and best practices to support its further development. They underscored the need to improve statistical systems to measure the changing access and use of the Internet and related ICT networks. They urged that current OECD instruments addressing consumer protection and empowerment, privacy and security be reviewed in light of developments. They also invited the OECD to review the progress made at national and international levels within three years, and thereafter, as appropriate, in light of the Seoul Declaration.

In closing, the Secretary-General of the OECD underscored the importance of expanding the role that the Organisation could play as an analytic resource. He recalled the interest that many delegates had expressed in exploring how the Internet and networked ICTs could be used to address the global challenges of climate change; he welcomed the proposal from Denmark for the OECD to organise a high-level conference on this issue in 2009 in support of the UN Conference on Climate Change, COP15. He underscored the need to better understand the increasingly important role of the Internet in the innovation process. Finally, he endorsed exploring ways to enhance OECD's role as a forum for promoting international co-operation. He welcomed the contributions that non-governmental stakeholders had made to the Ministerial and recommended that a process be initiated to formalise the participation of civil society and the technical community in the work of the OECD on the Internet Economy.

The Chairman thanked Ministers and other participants for their contributions to the Meeting. He underscored the important role that the Internet can play in addressing the global issues that we are facing, such as sustainable economic growth, climate change, aging society and energy efficiency.  He emphasised that meeting these challenges would require all stakeholders to share a common vision of the future for the Internet Economy. He stressed the need to formulate and implement policies to realise this vision and the importance of working together to achieve common goals. He concluded the meeting expressing the hope that the Seoul Declaration would provide ongoing guidance for governments and stakeholders around the world to overcome current challenges and to further develop the Internet Economy.