Joint USCIB/BIAC/OECD Conference on "Growth, Jobs, & Prosperity in the Digital Age: OECD Shapes the Policy Environment"

March 10, 2014
12:00pm-5:30pm EDT
Microsoft Innovation & Policy Center
901 K Street, NW, 11th Floor
Washington DC 20001

Conference Summary

Welcome to Microsoft Innovation and Policy Center:

- Matthew Reisman, Senior Manager, International Trade at Microsoft welcomed attendees from USCIB member corporations, U.S. government representatives, OECD and BIAC representatives, press and other individuals to the Conference at Microsoft offices in Washington, DC.

Welcome from USCIB:

- Peter Robinson, USCIB President and CEO, welcomed attendees to the Conference. He noted that this event marked the first time USCIB had partnered with the OECD and BIAC for a Washington-based event focused on cutting-edge ICT issues. He called upon participants from all stakeholder groups to understand the important and unique role the OECD has played in helping to shape a policy environment that has enabled the Internet to drive economic growth and societal benefit. "From the Ottawa Ministerial in 1998, where the OECD helped facilitate e-commerce, to the Seoul Ministerial in 2008, which addressed the role of the Internet in spurring innovation and economic growth, to its current work on privacy, security, cloud, and big data, the OECD has played a critical role at the intersection of policy, technology, economy and innovation. Today's program aims to draw attention to this essential work," he said.
    - In particular, Robinson expressed thanks and gratitude to Andrew Wyckoff, the head of the OECD's Directorate for Science, Technology and Industry, for supporting this inaugural initiative. He explained that Dr. Wyckoff was unable to participate owing to a last-minute emergency.
    - Robinson then introduced H.E. Diego Molano Vega, Minister of Information Technologies and Communications, Government of Colombia, who delivered the keynote address.[1]

Keynote Speaker

H.E. Diego Molano Vega, Minister of Information Technologies and Communications, Government of Colombia
Key Developments in Colombia's ICT Sector, Policies, and Regulations and its Plans to Accede to the OECD

- Minister Molano's remarks focused on the progress his government has made in reducing poverty by expanding Internet access throughout Colombia.[2] His Ministry's efforts to expand

[1] Speaker Biographies; "Growth, Jobs, & Prosperity in the Digital Age: OECD Shapes the Policy Environment," Washington, D.C., March 10, 2014.

Internet access and connectivity are driven by three objectives: (1) reducing poverty; (2) creating jobs; and (3) increasing competitiveness and productivity.

  - In terms of the first objective, Minister Molano noted that Colombia's poverty rate is 34 percent. At the same time, though, as globalization occurs, the rate of poverty is decreasing rapidly. Two and a half million Colombians have been lifted out of poverty in recent years. He sees the Internet as a tool that can easily reduce inequality by providing users across the globe with the same access to information and reducing the entry costs to the market and to education. There is a distinct correlation between international communication and reduction in poverty, he said.
  - In terms of the second and third objectives -- creating jobs and increasing competitiveness – these, too, can be attained through promoting the rapidly-growing ICT sector. As the global economy relies more on ICTs, demand increases for workers with ICT-related skills. By expanding a skilled workforce, Colombia-based companies operate more efficiently and competitively, thereby increasing the attractiveness of Colombia as a place to work and invest.

- Minister Molano examined the digital divide in Colombia. Among the poorest groups – some with as many as seven family members living on as little as $450 a month -- only 8 percent of citizens had access to the Internet. He attributed this to their being "off the grid" as well as a perception that the Internet is not useful in their daily lives. He identified four barriers to what he referred to as "Internet massification," a term referring to Internet use by nearly all citizens: (1) a perceived lack of utility; (2) low purchasing power; (3) limited government resources to facilitate massification; and (4) the high cost involved with deploying Internet infrastructure.
- To ease these problems and to achieve his goal of massifying internet use, Colombia's Ministry of Information Technologies and Communications created the program *Vive Digital* to address these problems and achieve the goal of massification. It is a public-private partnership aimed at providing resources, infrastructure, applications and knowledge needed to bridge the digital divide. Central to *Vive Digital* is "digital ecosystem" plan, involving mutually reinforcing linkages between services, applications and infrastructure on the supply side, and users, applications and infrastructure on the demand side.
- Colombia has tackled the ecosystem as follows: (1) it will provide infrastructure to 1078 of about 1200 towns by this summer; (2) it will establish 7600 "internet centers" in areas with 100 people or more; (3) it has provided means for the lower income citizens to obtain computers by waiving value-added taxes and providing $200 subsidies; (3) it has delivered more than 2 million computers and tablets to schools; (4) Colombia's e-government capabilities involve all ministries, and they hope to provide $20 billion for new software research and development by 2018; and (5) it is providing Internet and technology training for "Digital Citizens," including 1.083 million teachers and civil servants.
- Since 2010, the Ministry of ICT has achieved the following: increased four-fold broadband connections; increased Internet connections in homes by around 35 percent; and has seen connections for SMEs rise from 7% to 60%. Ninety-six percent of towns in Colombia are now connected to the Internet through fiber optic networks, and the other four percent have been connected through microwave networks.
- Minister Molano thanked the OECD for its consideration of Colombia's accession, explaining that his government wants to learn best practices and sound ICT policies from OECD countries.

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[2] H.E. Diego Molano Vega, Minister of Information Technologies and Communications, Government of Colombia, *Vive Digital*, Power Point presentation, "Growth, Jobs, & Prosperity in the Digital Age: OECD Shapes the Policy Environment," Washington, D.C., March 10, 2014.

Conference Prologue: The Role of the OECD in Shaping the Future of the Digital Economy

Andrew Wyckoff, Director OECD Directorate for Science Technology and Industry (DSTI)
The Role of the OECD in Shaping the Future of the Digital Economy

- Dr. Wyckoff[3] provided an historical overview of the OECD's contributions to ICT policy and its multistakeholder approach. He noted that the OECD enabled multistakeholder participation long before this model was embraced in the Internet governance space and other fora. He further underscored that the OECD has been most influential as (1) an early adopter and shaper of the international dialogue; (2) a provider of an evidence base on which to make policy, and (3) a forum for sharing experiences and for collective learning.
- As an early shaper of the ICT dialogue, the OECD has leaned toward the "principles approach" to policy recommendations, because principles adapt to dynamic changes in technologies.
    - Since the 1980 document "Protection of Privacy and Transborder Flows of Personal Data," a number of other principles have been added and amended to reflect the rapidly-changing face of ICT policy and the digital economy.
    - The OECD has always acted as a predictor of trends and issues to come (such as domain names, mobile, broadband, e-commerce and identity issues), and the structure of its principles has flexed to adapt those changes.
    - The concept of the "digital sector" is no longer valid. The "digital economy" now is the *entire economy*, since early all industries are data-driven.
- As a provider of evidence, the OECD is a catalyst for studies and for information that affects changes in the understanding and regulation of the digital economy.
- As a forum for sharing and collective learning, the OECD aggregates its member countries' information, highlights best practices, and develops through collaboration policies that range from protecting e-consumers to addressing cybersecurity risks and promoting the responsible use of personal data. The 2011 Communique on Principles for Internet Policy Making, in particular, highlights the OECD's critical and leading role in defining the boundaries and the future of Internet Governance and ICT policy.

Julie Brill, Commissioner, U.S. Federal Trade Commission
Privacy Challenges in the Digital Economy and the OECD Privacy Guidelines

- Commissioner Brill addressed the pressing need for a dramatic change in both U.S. and global policy with regards to consumer and individual privacy protections.[4]
- She enumerated the many societal benefits realized through Internet-enabled technology breakthroughs in healthcare and education, for efficiency and for ease of communication and trade. She noted technology's benefits for the developing world, through examples of computer learning in India and other self-organized learning.
- The issues of security and privacy become apparent the more personal data is available. "Most of us have been loath to examine too closely the price we pay by forfeiting control of our personal data in exchange for the convenience, ease of communication, and fun in a free-ranging and mostly free cyberspace," she said.

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[3] Andrew Wyckoff had to cancel his participation owing to a personal matter. He presented his Power Point presentation as part of a videotaped message.

[4] The full text of Commissioner Brill's remarks may be accessed at -- http://www.ftc.gov/system/files/documents/public_statements/204981/140310oecd.pdf

- In examining the privacy implications of big data analytics, Brill proposed that one of the most troubling practices that must be addressed is the collection and use of data --- whether generated online or offline – to make sensitive predictions about consumers, such as those involving health conditions, financial conditions, or race.
- Another problem arises when third parties attain or buy consumers' information.
- The NSA revelations of last year raise questions about governments' capability of ensuring the security of their citizens and their states without compromising privacy rights. All of these practices and issues represent possible damages to individuals' security and well-being.

- Commissioner Brill therefore proposed five steps aimed at restoring consumer trust and creating an ecosystem in which big data can realize its full potential for societal benefit:
  1. Focus on De-identification: Put in practice measures and systems that divorce identifying factors (names, addresses, etc) from data collected by companies and governments, and extract promises from them and from third parties not to re-identify the data. Brill proposed that this approach to de-identification would be a good step, but it will not stop big data profiling.
  2. Create Institutional Ethical Monitoring: Create Consumer Subject Review Boards to determine whether particular projects using consumer data are both legal and ethical. Firms can also help by hiring ethics-trained algorithmists and computer scientists.
  3. Change the Law: While the FTC has built a robust data protection and privacy enforcement program, more can be done to improve U.S. commercial privacy laws. Brill called on Congress to enact three bills: (a) data broker legislation that would require data brokers to provide notice, access, and correction rights to consumers; (b) baseline privacy legislation for the commercial arena; and (c) data security legislation.
  4. Enhance Consumer Controls: Commissioner Brill is the champion for the project she calls "Reclaim Your Name," in which consumers can choose how much of their data is shared, empowers the consumer to know which of their data are available, to opt out of data sharing, and to provide corrections to errors in the collected data or profiled information about them.
  5. Encourage Global Interoperability: The FTC has urged various global legal regimes to facilitate, not impede, the sharing of data while at the same time protecting consumers. Brill emphasized that the OECD Revised Privacy Guidelines provides an excellent framework to that end by highlighting that regulatory interoperability and enhancement of privacy protection can be mutually supportive. She further highlighted the U.S.-EU Safe Harbor Framework and the APEC Cross-Border Privacy Rules, describing them as two important mechanisms that support interoperability and beneficial data transfers as well as enhance privacy protections.

Liesyl Franz, Senior Policy Advisor, Office of the Coordinator for Cyber Issues, U.S. Department of State[5]
Security Challenges facing the ICT Sector and the OECD Revision of the 2002 Security Guidelines

- Ms. Franz detailed the U.S. *International Strategy* for cyberspace, which reflects the idea that if all the nations and peoples of the world are to reap the tremendous political, economic, and social benefits that cyberspace offers, cyberspace must be open, interoperable, secure, and reliable. This conviction is the basis for all U.S. diplomatic efforts and is shared by our partners in the work of the OECD, she noted.

[5] Liesyl Franz stood in for Christopher Painter, Coordinator for Cyber Issues, U.S. Department of State, who had to cancel at the last-minute owing to overriding commitments at the State Department.

- Franz outlined the State Department's efforts to promote the *International Strategy* in six areas:
  1. International Security in Cyberspace: This is aimed at developing a shared understanding about norms of acceptable behavior in cyberspace. State was able to make significant progress in two areas: (a) the 2013 UN Group of Governmental Experts reached a landmark consensus that the legal principles that have promoted predictability and stability between states during conflict in the kinetic space apply equally to cyberspace; and (b) the State Department also has led international efforts to establish practical cyber risk reduction and confidence building measures, both bilaterally and multilaterally, including an agreement in the Organizations for Security and Cooperation Europe and some new work we are leading in regional organizations such as the ASEAN Regional Forum.
  2. Internet Governance: The United States opposes any attempt to shift Internet governance to a top-down, intergovernmental model. The State Department therefore is working to promote more diverse representation by governments and other stakeholders at multi-stakeholder institutions, building multi-stakeholder capacity to participate in the process, and supporting efforts to further globalize governance functions.
  3. Internet Freedom: The U.S. Government continues work to ensure the ability of individuals worldwide to exercise their fundamental freedoms online by (a) working with the core group of supporters of the 2012 UN Human Rights Council resolution 20/8, which affirmed that the rights that people have offline also apply online; and (b) leading 2011 launch of the Freedom Online Coalition, a group of governments committed to taking concrete – and collective – action in support of Internet freedom.
  4. Cybercrime: The U.S. Government is working to ensure that the Budapest Cybercrime Convention remains the premier treaty aimed at fighting cybercrime while also protecting fundamental human rights.
  5. Cybercrime Due Diligence: The State Department and Department of Homeland Security work closely with other countries on initiatives aimed at enhancing collaboration on network defense, incident management and recovery, critical infrastructure protection, and supporting the development of those capabilities where needed.
  6. Internet as an Engine for Economic Growth and Development: The State Department and USAID are undertaking diplomatic and programmatic efforts to improve access and bridge the digital divide so that an open, interoperable, secure and reliable Internet can benefit even the poorest regions of the world.
- In a dialogue with Joseph Alhadeff, Oracle, who is Chair, BIAC CDEP Committee and Vice Chair, USCIB ICT Policy Committee, Franz explored the importance of the OECD's plans to revise its 2002 Security Guidelines and the fact that the concept of risk management is infusing discussions. This derives from the OECD's economic mandate and focus on policy discussions aimed at finding the appropriate balance between the economic benefits of interconnected networks are the need to manage potential risks to the security of those networks.

Session One: Enhancing Trust and Boosting Innovation in the Digital Ecosystem

Moderator: **Joseph Alhadeff**, Chairman, BIAC Committee on Digital Economy Policy (CDEP), Vice President for Global Public Policy and Chief Privacy Strategist, Oracle

Panelists: **Peter Lefkowitz**, Chief Privacy Counsel, General Electric
Marc Rotenberg, President and Executive Director, Electronic Privacy Information Center (EPIC)
Michael Donahue, Senior Policy Analyst, Directorate for Science Technology and Industry, OECD

- Moderator Joseph Alhadeff set the stage for the session, discussing how ICTs and emerging technologies can enhance efficiency and provide new business opportunities, growth and jobs. He said the session would consider how OECD members, in revising the OECD Privacy Guidelines and beginning the process of revising the 2002 OECD Security Guidelines, have endeavored to optimize the opportunity of users to leverage the benefits of emerging technologies while maintaining a safe, secure, and trusted on-line environment.

Peter Lefkowitz, Chief Privacy Counsel, General Electric

- Peter Lefkowitz explored the business community's interaction with the OECD Internet Policy Principles, which he described as vital and prescient in foreseeing challenges we face today, particularly the issue of respecting privacy while also maintaining cross-border data flows and innovation.
- He zeroed in on how the OECD Privacy Guidelines have evolved. In 1980, they focused on our interactions with technologies; in the 1990s, they addressed new issues posed by the advent of e-commerce. By 2013, the Guidelines were updated to accommodate cloud computing, the ubiquity of personal data, connected devices, accountability and compatible uses of data, international operation, enforcement, and efforts to realize regulatory interoperability through initiatives in the APEC Data Privacy Subgroup and US-EU Safe-Harbor Agreement.
- Lefkowitz proposed that we can achieve a balance between the need to protect sensitive personal data and ensure the cross-border data flows business needs to conduct global commerce and company operations "without setting up false restrictions on data flows at national borders."
- He further proposed that the most important thing about the OECD Internet Policy Principles and OECD Privacy Guidelines is that they focus on *what* we need to do, rather than *how* we need to do it. If the principles were written with how to deal with specific technologies, they would become quickly outdated. But since they provide overarching, long-term goals, they are consistently applicable, he said.

Marc Rotenberg, President and Executive Director, Electronic Privacy Information Center (EPIC)

- Marc Rotenberg focused on the participation of civil society in the OECD's work, which he described as the organization's biggest accomplishment. [Just as BIAC has a seat at the table and provides the business perspective to the OECD's work, so, too, do representatives from civil society organizations, CSOs.] If regular citizens are going to be the ones ultimately impacted by international organizations, they should have some say in those outcomes, he said, and should balance the voice of business.
- Rotenberg highlighted as one of the OECD's greatest insights its recognition that a "non-zero-sum" solution had to be developed that would safeguard basic human rights and human values while also enabling innovative use of the Internet and data flows. He noted that when the 1980 Privacy Guidelines were under negotiation, some nations feared that trans-data border flows would weaken their sovereignty and they sought to build walls to prevent that from happening. The OECD provided a forward-looking approach by keeping the Privacy Guidelines simple. Rotenberg described the policy framework as readily understandable, enabling it to "travel well" and be understood by developed and developing countries alike as well as being easy to comply with.

- Referring to the "Big Data and the Future of Privacy" initiative launched by the White House on January 17, Rotenberg underscored the importance of providing public input. He suggested that the OECD Privacy Guidelines provide a good starting point, but that we need new, innovative approaches to tackling privacy issues inherent in big data analytics. In this regard, he supported Commissioner Brill's comments about de-identification and anonymization, noting that the challenge is to find ways of enabling companies to get potentially useful information out of big datasets without stigmatizing individuals.

Michael Donahue, Senior Policy Analyst, Directorate for Science Technology and Industry, OECD

- Michael Donohue focused on the OECD's evolving work in building trust in the digital economy – its "trust agenda." He noted the value of the OECD's work on a global scale. Over the years, the OECD has serving as an international "standard setter," which employs a multistakeholder approach to produce non-binding policy recommendations.
- Donohue discussed the importance of developing personal data governance measures, which can take many forms. One tactic for implementation is risk management, but others include privacy management programs, data security breach notification, trans-border data flow updates, interoperability, and the FTC's Fair Information Practice Principles (FIPPs).[6]
- He described the 2013 approval of revised OECD Privacy Guidelines as an important milestone in view of the dramatically changing scale of data use. The revised framework offers a practical approach grounded in risk management, with updated sections pertaining to cross-border data flows and the concept of regulatory interoperabilitiy. Concerning the latter, Donohue noted as a good starting point the work underway in the APEC Data Privacy Subgroup aimed at mapping the similarities and gaps between EU Binding Corporate Rules and the APEC Cross-Border Privacy Rules system.
- Donohue added that the OECD also will be watching closely the outcome of the White House "Big Data and the Future of Privacy" initiative as it continues to examine the privacy implications of big data analytics.

Questions and Commentary:

Question: The role and rights of the individual to privacy may vary in different contexts. What is the best approach address this?

- Rotenberg observed that there are privacy risks to using and collecting big data, but there are also data sets that present no risk. For example, a climate scientist might be interested in big data to see overarching trends; that kind of data would not harm individuals. However, he said there needs to be a different kind of axis for assessing consumer protection risk, such as "no PII" [personal indentifying information]. Those contexts would help us better govern the use of data.
- Lefkowitz said there needs to be a focus on context: data is needed for specific purposes, and in some contexts identifications can be more beneficial than in others. In those contexts where identification is necessary, there need to be restrictions on uses and the length of time that the data can be held and studied.

[6]The Federal Trade Commission's Fair Information Practice Principles (FIPPs) are guidelines that represent widely accepted concepts concerning fair information practices online. The core principles of privacy addressed by these principles are notice/awareness, choice/consent, access/participation, integrity/security, and enforcement/redress. See -- http://www.ftc.gov/reports/privacy-online-fair-information-practices-electronic-marketplace-federal-trade-commission

Question: With respect to time restrictions on old data models and details, what is the societal value of using old data sets and have we appointed anyone to analyze the societal benefits and authorize the use?

- Donohue said that it is not always viable to seek consent from individuals after a length of time. He proposed using Boards of individuals trained in ethics, echoing Commissioner Brill's reference to the creation of Consumer Security Review Boards. We need to take into account data taxonomies: in the 1970s, individuals gave data for a particular use, but nowadays more data is being inferred, and analytics are producing different data altogether, he observed.
- Rotenberg said such authorizations are difficult to operationalize. The FIPPs principles work together and at the core is the allocation of rights and responsibilities for the collection of data. Once an individual agrees to have his/her data collected, he/she has given up their rights to the institution. The responsibilities of protecting that data then fall to the institution. Rotenberg said that in cases like that, we need to be able to figure out the costs for the individual after the data and the responsibility leaves their control.

Summary and Conclusions:

- Joseph Alhadeff provided the following summary and invited the panelists to offer additional closing comments:
  - Panelists discussed how the OECD creates framework principles, which have been useful over time because of the structure of the principles themselves. One of our main tasks is adapting those principles and making them relevant over time.
  - Rotenberg reminded us that OECD worked as a multistakeholder structure before that was a concept. In addition to government participants, civil society has had observer status as have the Trade Union Advisory Committee (TUAC) and BIAC. The OECD is looking to bring everyone to the table and to facilitate conversation across stakeholder groups.
  - Rotenberg also reminded us that "balance" is not the correct mindset. Rather, we want to "optimize;" we need to figure out how to maximize the benefits of the twin goals of data flows and security in the ICT sector.
  - Donohue explored the "trust ecosystem." Economic issues arise when trust issues become apparent. This reflects the holistic nature of the OECD's work.
- Lefkowtiz offered a concluding observation about the prescience of the OECD's 1980 Privacy Guidelines, and how they anticipated the cross-border data flow challenges we have faced in 2014 with some trading partners.
- Rotenberg advocated establishment of global governance structures for customer protection. Personal privacy outside the United States is seen to hinge directly on U.S. firms and the U.S. government.
- Donohue reminded everyone that the next OECD ICT-related Ministerial is in Mexico in 2016, an important meeting that will address some of the hard work that has yet to be done.

Session 2: Global Trade & Policy Frameworks: Impacts and Opportunities for Trade in the Digital Economy

Moderator: **Richard C. Beaird,** Senior International Policy Advisor, Wiley Rein

Panelists: **Jørgen Abild Andersen**, Chair, OECD Committee on Digital Economy Policy (CDEP); Director-General Telecom, Danish Business Authority, Ministry of Business and Growth of Denmark (retired)

Jacquelynn Ruff, Vice President, International Public Policy and Regulatory Affairs, Verizon Communications
David Fares, Senior Vice President 21st Century Fox
Brian Bieron, Executive Director, eBay Inc. Public Policy Lab

Jørgen Abild Andersen, Chair, OECD Committee on Digital Economy Policy (CDEP); Director-General Telecom, Danish Business Authority, Ministry of Business and Growth of Denmark

- Jørgen Abild Andersen used a Power Point presentation[7] to illustrate the importance of the digital economy to the overall economy, particularly the extent to which it has stimulated economic activity, growth, employment and innovation.
- He observed that the ICT sector has flourished in the 2008-2013 period despite problems in other sectors. He proposed that the Digital Economy is poised to become *THE* economy, making its policy work relevant across many OECD committees, not just limited to the Committee on Digital Economy Policy (CDEP).
- Andersen foresaw far greater work "horizontally" within the OECD because the digital economy is so active in all sectors (e.g., public administration, health, commerce, manufacturing, energy, startups, science, education, transportation). He proposed that such work include: leveraging the internet for growth and innovation; e-infrastructure; e-skills and e-literacy; security and privacy; and e-content.
- Andersen cited the 2011 Internet Policy Principles as providing a successful framework for policies to enable economic growth and societal benefits. He anticipated that these policies and principles will continue to play a large role in the 2016 OECD Ministerial, whose main themes will be how internet policy stimulates growth, and how internet innovation can be leveraged for jobs creation and inclusiveness.

Jacquelynn Ruff, Vice President, International Public Policy and Regulatory Affairs, Verizon Communications

- Jacquelynn Ruff proposed that it is no longer appropriate to treat infrastructure and the services that companies like Verizon provide as standalone elements in the digital economy, particularly with the emergence of nontraditional ISPs. The combined impact of mobile telecommunications services, broadband build-outs, and cloud-based services have enabled many emerging economies to leapfrog in their development of ICTs.
  - The 2012-2013 period alone saw the addition of twice as much mobile services as broadband while the use of cloud services for storage more than doubled.
- Ruff proposed that this continued rate of transformation requires three crucial public policy elements:
  1. Investment in infrastructure expansion – Strong provisions are needed in the Trans-Pacific Partnership (TPP) agreement and the Trade in International Services Agreement (TISA). Ruff urged the OECD to continue its evidence-based research and analysis to support policies enabling greater investment;
  2. Cross-border delivery of globally connected services – Ruff noted the increase in localization requirements requiring that services be based in-country. She encouraged that the OECD's work reinforce the global economic value of a seamless Internet; and
  3. New laws (or not) to address the evolution of integrated digital services – Ruff urged the OECD to undertake a gap analysis of laws, regulations, and voluntary frameworks (such as the Internet Policy Principles or the OECD Privacy and Security Guidelines) to determine if

[7] Jørgen Abild Andersen's Power Point presentation may be accessed at this link.

economies would be well served – or not -- by new laws or regulations governing cloud services, machine-to-machine technologies[8] and other emerging technologies. Light tough regulation still remains the best approach.

- Ruff pointed to the April 2011 EU-US Trade Principles for Information and Communication Technology Services[9], which has since been following by joint statements with Japan, Morocco, Mauritius, Jordan, and others. She proposed that the Internet Policy Principles have served and will continue to serve as a good starting point in developing similar statements on cross-border data and information flows, open networks and connectivity, and forced localization, among other trade-related issues affecting the ICT sector.
- Ruff said that going forward, the TTP, TISA, and Transatlantic Trade and Investment Partnership (TTIP) currently being negotiated present important opportunities to address the above-mentioned policy elements. It is easy to arrive at high-level answers, but far more difficult to reach a consensus on details required to implement policies. This also is where the OECD's economic analysis and policy frameworks may prove useful in breaking new ground.
- Ruff concluded by proposing that business and government need new constructs to address trade and cross-border issues affecting the ICT sector. We are currently working from outdated models. This presents an opportunity for creative thinking by both the OECD and business, she said.

David Fares, Senior Vice President 21st Century Fox

- In introducing himself, David Fares noted that he speaks as a member of the production side of the digital economy, where copyright and freedom of expression issues are critically important issues.
- He pointed out that the audiovisual sector is a robust market; there are over 100 legitimate A/V services in the U.S., and over 3500 on-demand sites in Europe. It is a very robust online marketplace and more recently has been propelling growth through cloud-based services.
- However, piracy continues to flourish. Pirate sites run the most prevalent and serious threat to legitimate sites. The top pirate sites made $227 million last year. Fares pointed out that while this is a side of the digital economy that may not get that much attention, digital piracy is not a victimless crime.
- Fares elaborated on the societal costs stemming from lack of appropriate regulation or pirate sites, especially on vulnerable members of society like children. Ninety-nine percent of ads on pirate sites are gambling, sex sites, malware and general scams.
- Fares reminded participants that the OECD's 2008 Seoul Declaration for the Future of the Internet Economy as well as the OECD's Internet Policy Principles call on everyone to assume responsibility for addressing and deterring illegal online activity to ensure that the Internet marketplace remains safe, secure, and sustainable.

Brian Bieron, Executive Director, eBay Inc. Public Policy Lab

- Brian Bieron[10] drew from eBay's extensive research and direct experience in enabling small and medium-sized enterprises (SMEs) from the world over become players in global commerce through the transformative power of the Internet.

[8] M2M refers to technologies that allow both wireless and wired systems to communicate with other devices of the same type.

[9] The EU-US Trade Principles for Information and Communication Technology Services may be accessed here.

[10] Following are links to reports that formed the basis of Mr. Bieron's comments: (For economic analysis) http://www.ebaymainstreet.com/sites/default/files/EBAY_Marketplace_Updated_FIN_lowres.pdf

- He acknowledged that globalization seems to have an underlying inequality to it, but that is not intentional. The global digital economy requires great scale (such as enjoyed by major corporations) to enable an entity to participate.
- Nevertheless, eBay has learned through its own data that the growth of the Internet has lowered entry barriers to the digital economy. eBay's data suggests that microbusinesses and SMEs are growing and thriving because they can connect to markets all over the world via the Internet.
    - Almost all of the participants in the eBay marketplace are microbusinesses with 1 to 10 employees, and 97 percent of them export. In the traditional commercial world, only 4-5 percent of microbusinesses export.
    - Most SMEs that export are on borders, and can reach about two countries without the internet. With Internet access, they reach 27 countries on average.
    - There is social value in globalization via the Internet. Internet-enabled trade serves to dispel the perception that the global trading system is not equitable by creating a more open and inclusive platform for all-sized enterprises. It enables SMEs to become part of the global value chain and not simply a cog in a giant corporate structure.
- Bieron termed these Internet-enabled breakthroughs in global commerce as the "global empowerment structure." About 15 percent of businesses export 100 percent of their products, and their marketplace is the internet. The Internet makes trading and equitable system.

Questions and Commentary:

Question: The 2016 OECD ICT-related Ministerial provides an opportunity for the OECD to change perceptions about trade in a holistic fashion. How can the OECD take the debate to the next level and make the 2016 Ministerial a landmark event?

- Andersen proposed that the Ministerial drive home the point – at the Ministerial level – that the digital economy is *THE* economy. ICTs serve as a powerful tool to address economic challenges. The Internet, in particular, should be leveraged to spur innovation, create new jobs, and enable greater inclusiveness.
- Ruff noted the cross-sectoral impact of the digital economy. Breakthroughs in ICTs and emerging technologies have important implications in the fields of health, education, transportation, energy, and the environment, among others. The Ministerial therefore should demonstrate the cross-sectoral dynamic of the digital economy and actively engaged Ministers with jurisdiction over a number of related policy areas, especially in fields that use ICTs but traditionally have not been viewed as ICT-centric, in the development of OECD policy.
- Fares urged that the Ministerial focus on solidifying and expanding global support for the Internet Policy Principles and delving into how we should support the Internet as a platform for global economic activity that is safe, secure, and stable.
- Bieron proposed that the 2016 Ministerial presents an opportunity to present a "new vision for globalization" that addresses economic and social needs.

Conference Conclusion

(For eBay analysis on micro businesses in developing countries)
http://www.ebaymainstreet.com/sites/default/files/eBay_Commerce-3.0-Development.pdf
(For eBay's analysis of SMEs and trade) http://www.ebaymainstreet.com/commerce-3