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COMMITTEE FOR INFORMATION, COMPUTER AND COMMUNICATIONS POLICY**

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OECD GLOBAL FORUM: "POLICY FRAMEWORKS FOR THE DIGITAL ECONOMY"

A Proposal for a major OECD event to be held, in co-operation with APEC, in the Asia-Pacific area in January 2003

OECD, Paris, 7-8 March 2002

This document is the "concept paper" for the next major OECD conference on electronic commerce and the digital economy, following the series which began in Turku in 1997, included the Ottawa Ministerial Conference of 1998, and most recently the Emerging Market Economy Forum in Dubai in 2001. Discussions are currently under way with potential partner organisations, hosting countries and hosting institutions. The Committee is invited to discuss the proposal.

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OECD GLOBAL FORUM: “POLICY FRAMEWORKS FOR THE DIGITAL ECONOMY”

**A PROPOSAL FOR A MAJOR OECD EVENT TO BE HELD, IN CO-OPERATION WITH APEC,
IN THE ASIA-PACIFIC AREA IN JANUARY 2003**

Evolutionary overview of OECD’s work on policy frameworks for a digital economy

1. The OECD has been analysing and providing policy recommendations on the development of the information technology and communications sectors and their impacts for over two decades. Today, grasping the implications of information and communications technologies for the economy and society is a crucial issue for the Organisation. It is a front-burner issue involving not only IT and telecommunications policy experts, but also colleagues from almost all disciplines and fields of policy study. Co-operative links have been established with business and civil society organisations and a wide range of international and regional bodies.

2. OECD’s early work, from the end of the 1970s, focussed on the liberalisation of the telecommunications sector and on quasi-legal issues notably privacy protection and information security. These remain key elements of the OECD’s core competence in this field. Over the intervening years policy analysis for the information economy and groundbreaking statistical work added to the Organisation’s capability for measuring and analysing these developments.

3. The pace has quickened, and the field of interest widened, over the past decade. The twin concepts of global information infrastructure and global information society broadened the target of policy debate and analysis at the OECD. The transformation of the Internet into the global mass phenomenon we know now gave further impetus and urgency to the OECD’s work. The advent of electronic commerce posed new policy challenges across the board. As the new generation of connectivity and human resources leveraged ICT investment the long-awaited impacts on productivity and growth started to be felt. The digital economy became at last a meaningful policy concept and the OECD’s recognition of digital divide issues was a factor in initiating a vigorous programme of outreach activities to non-member countries.

4. Until a few years ago most OECD work in this policy domain was done in what was then a specialised sector-specific Committee (the Committee for Information, Computer and Communications Policy). Now the pervasiveness of ICTs, burgeoning electronic commerce and increasing economic and social impact has meant that there is scarcely a part of the Organisation which is not involved to some extent and co-operative relations with other international bodies, industry and civil society are expanding rapidly.

5. The OECD is not only a locus of data, analysis and policy recommendations, it is also a permanent inter-governmental conference and consultation among stakeholders. The OECD is well placed to convene forum-type activities as the third complementary working methodology. Increasingly these activities go beyond the OECD’s membership of 30 developed countries and its private sector and civil society partners.

Previous OECD Conferences on electronic commerce

6. The OECD recognised early on the need to promote the development of electronic commerce as a major platform for economic growth, expansion of trade, organisational efficiency and consumer choice. A broad-ranging policy debate was necessary, bringing in all the major stakeholders. The series began in Turku, Finland (1997) - starting the dialogue and identifying barriers. This led to the Ottawa Ministerial Conference (1998) - setting the action plan. The next year the OECD organised a stocktaking conference in Paris (1999) - broadening the dialogue. The creation of the DOT Force and the declarations at the G8 summit in Okinawa in 2000 was significant. The OECD therefore made global inclusion in the electronic economy a theme of the next conference, the Emerging Market Economy Forum in Dubai (2001) - going Global. The present event, the OECD Global Forum: “Policy Frameworks For The Digital Economy”, could widen the scope still further. A working subtitle could be *Inclusiveness and Trust in the Global Digital Economy*.

The focus of the Conference

7. The focus of the Conference is the need for policymakers to formulate coherent policy frameworks for the global digital economy. While it is true that the OECD’s work has stressed time and again (the Growth Study, Knowledge Based Economy concept, the experience gained from the work programmes on electronic commerce) that ICT policies need to be expressed in parallel to other policy elements (“getting the fundamentals right”; “the human factor”, etc.) there is now a need to re-examine policymaking in the light of the need to develop the foundations of ICT-based economic growth and social development (a “digital economy”) which is strong, dynamic and innovative but also soundly based and inclusive of all stakeholders, both within and outside the OECD membership. The Conference will therefore have a somewhat wider goal than the previous electronic-commerce focussed events, but will avoid over-ambition by not attempting to be exhaustive in treating all elements of a knowledge-based economy/society.

Electronic commerce-plus – start of maturity

8. Things have changed since Ottawa. What is “new” and why are these themes appropriate for the OECD to discuss at this time? Is there a need for new directions, statements, and consensus regarding policy principles?

- The strong economic growth in many OECD countries throughout the 1990s was partly credited to productivity gains associated with ICTs. The work of the OECD has demonstrated that there certainly is a “*New Economy*” – in some respects. ICTs and electronic commerce are now key elements of Growth and Productivity. They are held responsible for the “long boom” of the 1990s, but also the current slowdown. Inevitably, policymakers are looking to ICTs to restart growth. The digital economy has “emerged” and it is time to look at its place in the overall (knowledge-based) economy.
- It may be time, as well, to look at the *new policy role for governments*. Does the current economic context call for re-examination of the consensus regarding the roles of government, business and civil society? Is it still “premature” for government to be pro-active?
- In fact there are *new partners* among the stakeholders. The global information and communication technologies are relentless drivers of globalisation. Civil society has joined international business as an indispensable interlocutor in most policy formulation processes.

- We have a *new risk environment*. This can mean vulnerability due to the growing dependence of economies and societies on the availability and functionality of information and communications technologies and infrastructures. It can also mean looking “beyond the hype” to draw lessons from the over-exuberant behaviour of financial and securities markets in the late 1990s. There is also a *new awareness of role of ICTs in linking economic and sustainability* (i.e. environmental and social) objectives.
- The anticipated coming phase of innovation-led growth will be accompanied by the rollout of some *new technologies* including a number of alternative broadband infrastructures and third generation mobile technologies. The scope and extent of the services and content that will be enabled by the new possibilities offered are as yet unclear. Common reflection on the policy challenges and opportunities for meeting business, economic and social goals is needed.
- We have *new players* on the scene -- *new countries*. These include the “emerging market economies”. Together, China, Brazil and India together make up half the population of the world. Compared to the OECD countries they currently have relatively low connectivity in terms of the main indicators of teledensity and Internet penetration. However, they may be approaching a phase of rapid growth in take-up and implementation of ICTs. Lower-income developing countries, too, as well as emerging market economies can benefit from implementing national e-strategies. The “digital divide”, of course, has both within-country and between-country dimensions and both aspects need attention. Broadening and deepening the global electronic marketplace and global information society holds benefits for developed and developing countries alike. Subjects such as ICT, poverty reduction and development, initiatives such as the DOT Force, the UN-ICT Task Force and the World Summit on the Information Society (WSIS) would not have attracted much attention only five years ago.
- In effect ICTs have a new unfamiliar role - as a new platform for globalisation and interdependence. ICT and e-commerce policies have a new place in overall policy framework for economic and social goals. Thus, policy coherence is the watchword for the new framework for knowledge-based economics.
- A corollary is the need for *new approaches and new co-operative links* by global and regional international organisations - particularly concerning digital divide and digital opportunity.

Subject coverage

9. The Conference, entitled “Policy Frameworks for the Digital Economy” will concentrate on electronic commerce, e-Business, e-Government, information economy and information society, implications for human resources, digital divide to digital opportunity (both regulatory reform and direct action elements). As such, it will stress the need for a global approach to issues such as security of information systems and the creation of a soundly based environment of consumer and user trust, pinpointing the role of OECD Guidelines and awareness raising activities. Findings from OECD work analysing the part played by information and communications technologies in productivity and economic growth will be presented. The role of S&T and innovation policy (incl. R&D, IPR) and the business and entrepreneurship environment to be stressed but *not* explicitly treated in this event, which will concentrate on e-issues.

When and where

10. It would be timely to hold the Conference in or around January 2003. There are strong arguments for renewing strong co-operation with APEC and to hold the event in an Asian country or a Pacific Rim country. The default location is OECD, Paris.

11. It is anticipated that the Conference will use the same two-day format as previous Conferences, but could be preceded by meetings of business and/or civil society organisations (see below) and followed by ad hoc meetings of related organisations such as the DOT Force (as in Dubai in 2001).

12. The event requires a hosting institution to take care of logistical and practical matters related to the conference venue.

Successful co-operation with APEC in major fora

13. In the mid 1990s governments worldwide recognised the need to develop policy stances compatible with the concepts of global information infrastructure and global information society. The OECD and APEC (the third partner was PECC) collaborated on the first major international conference on this subject, in Vancouver in February 1995. All APEC countries were invited individually to the Ottawa and Dubai conferences on electronic commerce.

14. The APEC membership includes several OECD countries as well as some smaller dynamic S.E. Asian countries, the burgeoning markets and technology poles of India and China as well as some middle and lower income developing countries. The APEC countries have a long experience of working together in an efficient network of policy reflection and action in such domains as telecommunications and electronic commerce within a broader framework of international co-operation. The goals and working methods of the APEC group parallel those of the OECD and ad hoc co-operation already exists at many levels.

Partners and co-ordination

15. First priority is to rebuild partnership with APEC. Co-operation would be engaged with several other international and regional bodies, notably World Bank. An attempt would be made to co-ordinate with other landmark policy-influencing events. These include activities of APEC, the World Bank, the G-8/DOT Force and UN-ICT Task Force and the World Summit on the Information Society convened by the ITU.

16. With the OECD, this conference is an activity principally under the aegis of the ICCP Committee but on the “Global Forum on the Knowledge Economy” programme of work of the Centre for Co-operation with Non-Members (CCNM). The long-term strategic vision will be developed in co-operation with the Secretary-General’s Advisory Unit on Multidisciplinary Issues and identifying the new crucial policy questions will benefit from the debate at “OECD Forum 2002”, a high level series of conferences run in parallel with the OECD’s annual meeting of the Council at Ministerial level. Internal co-operation will involve almost all directorates of the OECD and will be assured by a Deputy Secretary General.

Level

17. The conference should involve high-level participants to assure the right degree of policy influence and breadth of policy perspective. There is no obstacle to participation by Ministers. However, there is no evidence, as yet, of a demand from the OECD Member countries for the event to be at Ministerial level.

Participation

18. Participation in the 300-500 range is envisaged, in line with previous OECD events in this series. Participation should be wide from both the point of view of countries (as well as the OECD and APEC countries and DOT Force members it should include a wide range of both emerging market and developing economies from all geographical zones). It should include both business and civil society organisations (see below). Clearly the involvement of participants from low-income countries depends on the funding capacity.

Business organisations and Civil Society Organisations (CSOs)

19. Both business and civil society organisations will be encouraged to attend and play a prominent role in the main Conference, including in its preparation. In addition, it may be appropriate to organise a *Business Forum* (partner: the Business and Industry Advisory Committee to the OECD, BIAC, etc.) and a *Public Voice Conference* (partner a consortium of CSOs including: The Electronic Privacy Information Center (EPIC), The Trade Union Advisory Committee to the OECD (TUAC), Consumers' International, Bridges.org and other NGOs) running consecutively or concurrently. For these events the business and civil society organisations would have complete freedom to organise and configure their events as they see fit, the role of the OECD being as a facilitator. The business and civil society organisations would have the opportunity to present the outcome of their discussions and present statements in the main OECD Conference.

Agenda

20. The OECD will draft the agenda for consideration by a Steering Group (see below). It is suggested that the four half-day sessions cover:

- Overall policy strategies – policy requirements for the development of global electronic commerce and realising visions of the digital economy and information society
- Access – access to infrastructure for users, access to markets and the role of competition, infrastructure, services and the need for the reform of regulation
- Building user trust and a stable, predictable regulatory environment for electronic transactions
- Sharing the benefits, from digital divide to digital opportunity and development objectives. The need for co-ordination of action and the role of international institutions.

Objectives

21. The main objectives are:

- Gain understanding of the policy implications of the challenges and opportunities of the next decade of development of information society
- Promote consensus on broad principles of policy strategies to ensure greatest participation in global information society and to maximise and widely share the benefits of the global digital economy
- Clarify the roles of the various stakeholders (the OECD is in particular keen to grasp its longer term strategic role).

Deliverables

22. It is not proposed that the event be a decision-making conference or a negotiation. The deliverables of the Conference will be a matter for the decision of the Steering Group on the authority of the participating countries. The main documents emerging from the conference will be

- A Chairman's statement, which will be an attempt to sum up the main conclusions on a personal basis, but not engaging any participants or their countries / economies.
- A Rapporteur's report going into more detail, which is intended to be used as an input to the work programme setting process of the various participating action-oriented entities.
- In addition the Conference, and by implication its preparatory process, may develop a deliverable (a Statement or Declaration for example) for transmission to other entities or landmark events such as the UN-ICT Task Force or the World Summit on the Information society. The latter will take place in Geneva on 10-12 December 2003.

Preparatory documentation

23. Preparatory documentation will include at the least an issues paper and a report on the current and projected activities of the various stakeholders, notably the international and regional organisation, including the OECD.

Organising team and Steering Group

24. The Organising team will principally be within the OECD Secretariat (ICCP Division). There will be two steering groups - one dealing with substantive issues to do with the agenda, speakers and participants, objectives and outcomes - and a second dealing with practical and logistical matters regarding the conference site, accommodation and travel, registration, information transmission, etc. The membership of these groups will be determined on practical grounds by the OECD and its partners. At a minimum they should include representatives of the OECD, the partner (it is to be hoped, APEC), the host country. In addition the steering group should include at least one delegate from the ICCP Committee. The logistical group obviously must include the host institution.

Budget and organisational responsibilities

25. The responsibilities of the various partners to provide the budget and organisational assistance in terms of financial or in-kind contribution will be discussed in a separate document. They are to be determined following discussions with the partners over the coming weeks. The hosting institution should provide a suitable facility and support and may enlist sponsors. The OECD is prepared to take on the main overall co-ordination and direction and to do most of the substantive preparation. The CCNM has earmarked funds from its budget to ensure the minimum preparation of a very basic no-frills event. The OECD is therefore in a position to make a commitment to go forward on this basis. Further budgetary contribution is necessary if the event is to achieve the stature required to achieve its objectives.

Next steps

26. Agreement must soon be reached with partner organisations, a host country and a host institution within that country. The Steering groups must be created, set to work, and a resource/budgetary package assured. A web site will be set up to provide information on the Forum.