

OECD ministerial meeting speech
Towards a better future by the new Internet economy

Good morning, ladies and gentleman,
It is an honor for me to deliver this speech before such a distinguished audience.
I truly appreciate being given this opportunity today.

From Ottawa to Seoul

The theme of the previous OECD Ministerial Meeting 10 years ago was e-commerce. The meeting served as a major milestone in the efforts of member countries to draw maximum economic and social benefit from electronic commerce.

Back in 1998, the internet was only just burgeoning. Strategic directions have been given to policies in many areas, such as access, privacy, taxation and consumer protection. These efforts have been instrumental in nurturing online activity.

Since then, e-commerce has grown rapidly worldwide; reaching around 7 trillion dollars in 2007– more than double the expectations we had 10 years ago.

What a remarkable success!!

Nature of the Internet

In order to understand and predict the internet economy for the next 10 years, we need to ask ourselves what the core drivers of this achievement have been.

The power train of the internet economy lies in information. The internet has enabled us to create, share, and use information much easier and cheaper than ever before. The internet has been creating conditions for “near perfect information.” It certainly has reduced transaction costs and increased efficiency.

Leveling the Slope of Information Asymmetry

Information flows like water; from high to low. The internet has leveled the slope of information asymmetry.

Information asymmetry is a major source of power inequality. As access to quality information gets easier over the internet, everyone has access to necessary information.

The internet is forcing a power shift from sellers to buyers, from producers to consumers, and from politicians to constituents. Those who were at the information lower ground will gain advantage through easy access to quality information.

Power shifts to the Consumers

Information has greatly reduced transaction costs of consumers. Price and quality comparison is at their finger tips. Information over the internet has been removing the middle man between producers and consumers.

If I were to use a Schumpeterian metaphor, new technologies open new spaces. Consumers are now able to make their choices much easier and quicker than ever before.

The internet has empowered consumers in the e-commerce space.

Digital natives and Prosumers Rise in Media Domain

The internet has born a new generation of digital natives and prosumers. They do not passively consume audio-visual content packaged into channels by traditional media companies. Now they proactively search, consume, and produce media contents to their tastes and at their convenience.

The internet is providing a new level of freedom and choice to consumers at low cost.

Although the traditional media enterprises still have significant power, the rise of prosumers in the new media market is remarkable.

Direct participation in politics

The internet also empowers people to express their opinions. The internet allows the simultaneous exchange of information among an unlimited number of people.

Knowing the ideal of democracy's true virtue is direct participation of the people, the internet has allowed us to become involved in political issues directly. Traditionally, we have practiced "indirect democracy" through our representatives. The internet has become the 21st century's version of the ancient Greeks' speaker's platform. Ordinary people can be opinion leaders. Their voices will be heard through the internet. In the recent election in Korea, local primaries were held through mobile opinion polls and elections.

The internet is certainly shifting the power to the people and how they participate in politics.

Ability to catch the trend

The internet has changed economies and societies as well as people within. As a result, socio-economic power has been shifted. But the changes so far may be just the beginning. Technological development is fueling this shifting trend much faster in the future.

To respond to this trend, businesses and governments are trying to adapt themselves to provide better interactive environments for consumers and citizens. The ability to understand and catch this moving trend will decide on who the eventual winner will be.

Loose connectivity to tight connectivity

Looking back 10 years from now, connectivity has been a key driver of economic, social and political progress. As the internet evolves and society changes, a higher level of connectivity is necessary, providing a more innovative environment for every player of society. I would call this "tight connectivity", where everyone and everything is connected to each other anywhere with context.

In the past, the personal computer has been the main device for us to use the internet, but it lacks

the fundamental element for the tight connectivity: It is not always with me!

Mobile will lead next 10 years of the internet economy

Connectivity will be even tighter with the convergence of fixed and mobile. Wired and wireless broadband networks are enabling ubiquitous connectivity that allows people to enjoy a variety of services as they wish.

I believe the convergence of broadband mobile and internet will be the driver of the internet economy for the next 10 years.

Web in your palm will be the new driver for the internet economy

Mobility will add innovative creativity into our economic activities. Traditional businesses first extended their presence to the internet and now to the mobile. Regardless of place and time, their services can now be always available to their customers. It's like putting your businesses inside the customer's pocketbook wherever they may be. Soon you will be able to manage your life in the palm of your hand.

Mobile convergence connect everything around you

New socio-economic values will be created as more devices are internet enabled. Imagine how it's going to be if everything around you are connected with the internet. All your home appliances, your car, and even your robot will be equipped with internet intelligence. In this intelligent environment, you are at the center of everything. As technological innovation leads to a higher quality of connectivity, so can your quality of life.

I believe tighter connectivity and convergence will create new values that we never thought possible. So it opens up the era of ideas becoming reality.

Closing the gap between developed and developing countries

For some societies, the above-mentioned stories may sound a little too far from reality. But they are not as far as we may think. Many developing countries are still in the beginning process of the internet diffusion. But increasingly fast diffusion of mobile communications of those regions is making up their not enough fixed internet infrastructure.

Users in developing countries rely heavily on mobile internet

Lack of necessary infrastructures such as banking and commerce makes users in developing countries rely more heavily on the mobile internet. Mobile phones are more prevalent than bank accounts in some developing countries. Mobile banking can fill the gap of scarce ATMs or branches, and be a much easier and safer way to reach the unbanked people. Mobile banking system is “The very vessel” of the capital flow of those countries.

Inter-governmental coordination is essential

The information and communication gap between developed and developing countries is likely to become much narrower through the mobile internet.

The efforts to bring the rest of the world into the internet economy will be the foundation of sustainable growth of the global economy. However, to achieve this, I believe inter-governmental coordination is essential.

Level the internet disparity between countries

We have to work together to level the internet disparity between countries. The internet is a global infrastructure by nature. The more countries have competitive e-readiness, the more global economic and social benefit we can enjoy from the network effect. Therefore, we all need to make the internet more secure and open playing field for everyone.

Global coordination is also needed to establish the innovative environment for technological development and diffusion. We need to remove existing barriers and revise regulatory frameworks in order to promote more innovative business activities. These efforts will facilitate international investment and enhance interoperability of services.

We need to control some of the negative side effects

The potential of the internet is even bigger now with broadband and mobility. But this potential could fade or be threatened if we lack the vision to make the right choices or cannot control some of the negative side effects of the internet. Specifically, privacy infringement, copyrights violation, as well as other malicious acts could harm the confidence of the internet environment.

Since the internet is an integral part of our lives, the damage both at the individual and social levels can be very deep and wide reaching. Today, most of these happen locally, but a growing number of them occur globally. It is why we need to form global cooperation efforts to secure the

future of the internet and protect the values created in it.

The future of the internet economy

We have experienced the growth of the internet and have seen a whole new economy emerge. Building on this, we will now need to create the right conditions for businesses while fostering consumer confidence preparing for the next ten years. We've got to figure out how we can make the internet better and how the internet can make the world a better place. As professor Jonathan Zitterain said on YouTube, "Ask not what the internet can do for us, ask what we can do for the internet"

You make a beneficial and prosperous future of the internet

There are five different sessions of round table discussions starting this afternoon, covering key issues for a beneficial and prosperous future of the internet. A giant step towards global coordination starts here today.

Another milestone

I sincerely hope that this historic OECD ministerial meeting will become another milestone in the development of the internet economy.

Thank you.