OECD Global Forum on Knowledge Economy - The Digital Economy

OECD-APEC GLOBAL FORUM: POLICY FRAMEWORKS FOR THE DIGITAL ECONOMY

ISSUES PAPER

The Sheraton Waikiki, Honolulu, HI, U.S.
14-17 January 2003

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This event is part of the “Global Forum on the Knowledge Economy”, managed by the OECD Centre for Co-operation with Non-Members. 

The OECD-APEC Global Forum: Policy Frameworks for the Digital Economy will take place at the Sheraton Waikiki, Honolulu, HI, U.S., 14-17 January 2003. The main Forum will take place on 15-16 January with connected events on 14 and 17 January. Many partners are co-operating in putting together this event, including the OECD Member countries, in many committees and within the OECD Secretariat, APEC, its working groups and its Member economies, the host government – the United States, the organising institution – the Pacific International Center for High Technology Research (PICHTR), business and other non-government entities. The main organisational units for the Forum are the Directorate for Science, Technology and Industry, OECD, for substantive matters and PICHTR for logistics. 

From the OECD perspective, the event forms part of both its regular work programme and that devoted to non-members, the “Global Forum on the Knowledge Economy”, managed by the OECD’s Centre for Co-operation with Non-Members. Their objective is to deepen and extend relations with non-OECD economies in fields where the OECD has particular expertise and where global dialogue is important. For APEC economies, the event offers an opportunity to share valuable experiences gained in the APEC region and strengthen co-operation in addressing global issues. The Forum will highlight policy directions for the future development of the global digital economy and information society. 

Information is also available at the Forum page on the OECD web site at www.oecd.org/sti. For more information, please contact and copy: John Dryden (john.dryden@oecd.org) Tel +33 1 4524 9373; Fax +33 1 4430 6256; Pekka Lindroos (pekka.lindroos@oecd.org) Tel +33 1 4524 9355; Fax +33 1 4430 6259; and Asako Takahashi (asako.takahashi@oecd.org) Tel +33 1 4524 9951; Fax +33 1 4430 6259.
OECD-APEC GLOBAL FORUM:  
POLICY FRAMEWORKS FOR THE DIGITAL ECONOMY

Introduction

This Global Forum, a joint initiative of the OECD\(^1\) and APEC\(^2\), follows the series of major international conferences and extensive work programs on the theme of electronic commerce, the global digital economy and information society carried out by the organisations. The forum is intended to highlight policy directions for the future development of the global digital economy and information society and to stress the importance of the coherence and consistency of those policy frameworks. The issues to be addressed in the Forum are of high priority and interest to members of both the OECD and APEC and also important on a global basis. The first part of this document reviews OECD and APEC co-operation in the ICT domain, considers “what is new” in the digital economy since the mid-1990’s and discusses the themes and objectives of the forum. The second part of the document sets out, for each session, the main issues to be addressed and suggests points for discussion.

Co-operation between APEC and the OECD

The Global Forum is one of the most visible external signs of the multidisciplinary activities on these issues conducted by OECD and APEC. The OECD’s work, coming from almost every committee and every directorate of the Organisation, ranges from statistics and quantitative work to policy analysis, guidelines and recommendations on best practices. APEC too has addressed these issues in working groups and fora including those covering telecommunications and information, electronic commerce, transport, finance, human capacity development, and e-government. In recent years, both OECD and APEC have developed ‘Blueprints’ setting out the basic policy principles for the development of electronic commerce that stress issues such as access, trust, regulatory framework and “maximising and sharing the benefits”.

More recently in the OECD, efforts have been made to bring this work into a broader goal of an inclusive digital, knowledge-based economy and information society. Parallel work in APEC has focused on the digital economy. This effort was drawn together in the e-APEC Strategy, which has the goals of developing market structures to promote greater use of ICTs, the legal and regulatory regime needed to promote e-business and investment in infrastructure, and the training and investment needed to assure that all APEC citizens can access the Internet and use ICTs to better their lives. In both APEC and OECD this work has been carried out in co-ordination with other stakeholder groups, from global business groups, labour and civil society organisations to the many other international organisations active in this field. Conferences and meetings have brought together these stakeholders to promote policy coherence and to discuss appropriate policy directions and frameworks for co-ordinated action.

APEC and the OECD have a long history of co-operation in the domain of the digital economy and share many objectives. Seven economies also participate in both organisations. The present event is the second joint conference of the two entities and represents a return to closer co-operation in the first global conference on the Information Infrastructure that was a joint effort by the OECD, APEC and PECC\(^3\), in Vancouver, February 1995.

1. \[\text{http://www.oecd.org}\] Organisation for Economic Co-operation and Development  
2. \[\text{http://www.apecsec.org.sg/}\] Asia-Pacific Economic Co-operation  
3. \[\text{http://www.pecc.net/}\] Pacific Economic Cooperation Council
Previous OECD Conferences on the Digital Economy and Electronic Commerce

The first global conference on the Information Infrastructure, a joint effort by the OECD, APEC and PECC, took place in Vancouver in February 1995. It prefigured the development of general principles that characterised market-led policy for infrastructure and service development in OECD and many other countries throughout the growth phase of the latter part of the 1990s. The series of OECD conferences focused on broad-based policies to develop electronic commerce started in Turku, Finland in 1997, “Dismantling the Barriers to Global Electronic Commerce. The second, at Ministerial level, “A Borderless World: Realising the Potential of Global Electronic Commerce”, in Ottawa in 1998, produced several Ministerial Declarations in key areas, an Action Plan for the OECD and reviewed self-regulatory actions undertaken by the business community. The third, the “OECD Forum on Electronic Commerce”, at the OECD in Paris in late 1999, took stock of the first year’s progress after Ottawa and highlighted the areas where much remained to be accomplished.

Among the emerging themes at that meeting was the recognition of the issue of differences in access between and within economies (what came to be known as the “digital divide”) and the need for the OECD to build upon its outreach to non-member economies and to all stakeholder communities. In addition, the “regulation versus self-regulation” debate changed, to favour an integrated and effective mix of the two approaches arising from a more inclusive policy formulation process. The fourth, “The OECD Emerging Market Economy Forum on Electronic Commerce”, took place in January 2001 in Dubai, U.A.E., the first of its kind to be held outside the OECD’s own membership. This event served to share long-term visions for electronic commerce as a platform for future prosperity and full participation in the global electronic marketplace and explored the commonality of, and differences between, policy priorities of the OECD and the non-member economies. Drawing together the OECD’s work on economic growth with international initiatives such as the DOT Force, the Forum highlighted the importance of the coherence of policies for electronic commerce within the broader framework of economic, social and development policies.

OECD Work on ICTs with Non-Member Economies

The OECD has steadily increased the level of work with non-member countries in the ICT domain, reflecting the increasing priority accorded work in this field by the OECD Centre for Co-operation with Non-members (CCNM). The attention afforded ICTs as a tool for attaining development goals has also been raised in the OECD Development Assistance Committee, which regroups the leading bilateral donors of Official Development Assistance (ODA), with a major Forum planned for March 2003 on integrating ICTs effectively into overall ODA strategies. This is reflected, too, in involvement with major international ICT for development initiatives, such as participation in the Digital Opportunity Task (DOT) Force initiative that followed the G-8 Okinawa-Kyushu Summit.

The first phase of the World Summit on the Information Society (WSIS) in Geneva 10-12 December 2003 and the various stages of the preparatory process will be significant landmarks throughout the year. The Summit will, inter alia, focus on development and the use of ICTs to help meet the objectives of the Millennium Declaration emerging from the UN Millennium Summit in 2000. This forum in Honolulu will provide an opportunity for some important members of the stakeholder community to voice their hopes and aspirations for the achievement of the goals of the Summit and, in a special session, cast those ideals into precise proposals for the conduct of the Summit process and for the Summit outcomes.

Pre- and post-Forum events

The main OECD-APEC Global Forum: Policy Frameworks for the Digital Economy will take place on 15-16 January 2003. It will be preceded on 14 January by two parallel events: the Public Voice Conference4, organised by civil society groups, and a Business Forum5, organised by the business

4. The Public Voice Conference is organised by Electronic Privacy Information Center (EPIC) in collaboration with several other civil society organisations. http://www.epic.org/.
5. The Business Forum on Electronic Commerce: ICTs: Untapped Resources and Opportunities for Continued Growth is organised by the Business and Industry Advisory Committee to the OECD (BIAC) in collaboration with several other business organisations
community. The programmes for these meetings will be developed respectively by a consortium of civil society bodies led by EPIC\(^6\) and the business community (notably the ICC\(^7\)) under the aegis of BIAC\(^8\). On 17 January, there will be a half-day special session, Special Consultation Session on the World Summit on the Information Society, focused on shaping the outcome of the Forum discussions to provide input into the preparatory process of the World Summit on the Information Society.\(^9\)

**Rationale for the Forum**

The focus of the Forum is the need for coherent policy frameworks for the global digital economy. The OECD’s work (in the Growth Study, on the Knowledge Based Economy and, the experience gained from work on electronic commerce) and that of APEC (the e-APEC Strategy and *The New Economy and APEC* report) have stressed that ICT policies need to be expressed in a coherent manner in parallel to other policy elements. One approach is to consider “seizing the benefits of ICTs” as complementary to “harnessing innovation and technology diffusion”, “enhancing human capital”, and “fostering firm creation and entrepreneurship” – the whole in a context of “getting the fundamentals right” (i.e. macro-economic, governance, market function and social conditions). Thus the over-arching theme of the conference will be the dual role of ICTs; both as a sector unto itself and as a sector with broader implications for the economy and society as a whole -- a driver of economic growth and social development (a “digital economy” and an “information society”). The foundations must be strong, dynamic and innovative but also soundly based and inclusive of all stakeholders, both within and outside the OECD and APEC membership. Building on preceding work, the conference will therefore seek to capture new ideas and continue the process of widening the exchange of policy relevant information on strategies for the digital economy. This will mean both a broader focus and more inclusive audience than previous events, which were targeted to electronic commerce policies and strategy.

**What is new?**

The situation has changed since the first co-operative OECD-APEC-PECC forum in 1995. There has been a quantum leap in ICT and applications development. There has also been an economic slowdown and crisis in ICT-related industries since 2000. These factors and the terrorist attacks of September 2001 have spurred a rethink. What is “new” and why are these themes appropriate for OECD and APEC to discuss at this time? There is a need for new directions, statements, and consensus regarding policy principles.

Recent work of the OECD, notably the Growth Study and its follow-up, and other international studies have underlined the role that strong productivity gains associated with ICTs have played in the strong economic growth in many OECD and APEC countries throughout the 1990s. The conclusion is that ICTs and electronic commerce are now key elements of growth and productivity across much of the economy. ICTs drove increases in productivity growth and this drove economic growth beyond the ICT sector itself. However, a popular perception exists that ICTs are also somehow to blame for the current economic slowdown.

The OECD and APEC both consider that liberalised market access and the ability for companies to develop innovative business models, both locally and globally, are still appropriate and beneficial policies to pursue. Thus, ongoing work suggests that ICTs remain a driver of productivity growth as they are used

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to streamline and automate supply chains for greater market responsiveness and innovation and are now leading to major efficiency improvements.

Some features of the emerging landscape are:

- There is a renewed emphasis on the role of ICTs in sustainable development, beginning with their economic effects and consequences for broader (i.e. environmental and social) objectives. ICTs have this role in the context of global enterprises, entrepreneurial business models, e-government and the new communications models enabling the greater penetration of information flows into society. ICT and e-commerce policies have a place in overall knowledge-based policy framework for economic and social goals.

- We have a new risk environment. There is growing awareness of the vulnerability that may arise due to the growing dependence of economies and societies on the availability of information and communications and computing technologies and infrastructures that enable our use and transfer of information.

- New security challenges are posed by the pervasive nature of information systems and networks that are at the very heart of the digital economy and information society. These existed before the terrorist attacks of 11 September 2001 but the urgency of addressing them was accentuated by the attacks. Security of networks and information systems are essential building blocks for the critical, economic and societal infrastructures that underpin the global digital economy. It is possible to achieve security, while preserving important societal values such as privacy and individual freedom. Instilling a new culture of security for the digital world in which all actors play their appropriate part, is an important building block to assuring continued growth potential within the digital economy. The security issue provides a prime example of the need for closer co-operation at the global level and a common approach. Previous experience demonstrates that OECD and APEC conferences and workshops have made important contributions in drawing together policymakers and other stakeholders. Although every initiative has to be adapted to local needs, it is clear that not only can international co-operation be efficient and effective but can provide a platform for implementing policies.

- Increases in cross-border fraud threaten the emerging consumer confidence online and the effective functioning of global markets. Government authorities are intensifying efforts to co-operate across borders to protect consumers. International organisations are now more than ever instrumental to the success of these efforts.

- 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 next-generation mobile and wireless technologies. The scope and potential extent of the services and content that will be enabled by the new possibilities is only now developing. Attention is being given to the strategies needed in the transition from narrowband to broadband services. Common reflection on the policy challenges and opportunities for meeting business, economic, security and social goals is needed.

- It may be time, as well, for a new look at the policy roles for all participants in the digital economy and information society. Can governments do more to facilitate the growth in the ICT sector, to ensure that it becomes more competition-based and market-driven, while promoting growth of the digital economy and public confidence in infrastructures and institutions?

- 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. New platforms for public-private co-operation may help achieve policy goals and exploit the technological and market opportunities created by the digital economy.

- We have new players on the scene. These include the “emerging market economies”. Together, China, Brazil and India make up half the population of the world. Compared to OECD countries, and some APEC economies, these three currently have relatively low connectivity in terms of the generally accepted 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 need to supplement ICT access and create digital opportunities (the “digital divide”), has both within-country and between-country dimensions and both aspects need attention on a policy basis. Broadening and deepening the global electronic marketplace and global information society holds benefits for developed and developing countries alike. Awareness of the role of ICTs in achievement of overall economic and social development goals (e.g. the Millennium Development Goals) and of “mainstreaming” ICTs in Official Development Assistance (ODA) strategies is gathering pace and would not have attracted much attention only five years ago.

- A consequence of these trends is the need for new approaches and new co-operative links by global and regional international organisations - particularly with regard to overcoming digital divides and creating new digital opportunities. It is necessary to explore the roles of these fora in establishing frameworks and policy approaches to improve Internet use and uptake based on the common elements in developing communication technologies world-wide.

- Let us not forget that these considerations apply to the developed and developing world alike. The interdependent and interconnected nature of the global economy means that recovery in the developed countries can only reinforce the role of ICTs in the struggle to achieve development goals in other regions of the world.

**Themes of the Forum**

The Forum has three themes. Each of them is urgent and of great importance on a global scale and of particularly high priority for OECD and APEC economies. The choice of themes has been made consistent with the agenda priorities of several top-level gatherings in 2002, including the OECD Council at Ministerial level in May 2002 and of the G-8 Kananaskis Summit in June 2002. The themes are:

- The economy – creating the policy environment that promotes the role of ICTs and electronic commerce in strong, soundly based economic growth, productivity and job creation over the coming decade.

- Security and trust – creating a culture of security; spanning cyber terrorism and cyber crime to consumer and user trust, authentication, etc.

- Global participation and inclusion – creating an information society that is inclusive on a global basis, and ensuring that all may participate and share in its benefits; and clarifying how ICTs may be used for the achievement of broad development goals.

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10. www.un.org
Objectives

- Work on information infrastructure and electronic commerce in the OECD and APEC since the mid-1990s has aimed at creating greater policy consensus, for shaping the global digital economy and information society, bringing international organisations together and *inter alia* clarifying roles of different stakeholders. In recognition that the stakes, in terms of economic and social gains are higher than ever, this Forum presents an important opportunity to move the policy agenda further. The objectives of the Honolulu Forum are to: Improve understanding of the global digital economy and information society, and enrich the debate on new policy issues to encourage coherence and promote consensus on broad principles of policy strategies; ensure greatest participation in the global information society; and widely share the benefits of the global digital economy.

- Raise awareness of the importance of creating a “culture of security and trust” to favour the development of the global digital economy and information society so that all participants may share in the economic and societal benefits of ICTs.

- Better understand the appropriate roles of the various stakeholders (governments, business, civil society, international bodies), notably the evolving role of governments in the electronic environment.

- Prioritise next steps in a comprehensive strategy and outline the mechanisms for international institutions, including the OECD and APEC, to continue addressing ICT issues among their member countries and through outreach initiatives. Highlight the potential roles of the various international instruments and institutions, notably to highlight new requirements for international co-operation, including the longer-term strategic role of entities such as the OECD and APEC, and how they can work together.

- Suggest outputs from the OECD, APEC and other stakeholders to be shared at the World Summit on the Information Society (to be discussed on the January 17 session).

Status of the discussions and Forum outputs

The Honolulu Forum is pitched at high working level and is informal. *All participants, without exception, do so in their personal capacity*. This convention, which is normal practice for events in the OECD’s programme of co-operation with non-members, is adopted to encourage open and frank debate. In addition, the working sessions are structured so as to leave adequate opportunity for open discussion between the speakers and the floor. The Forum will not yield formal decisions, agreements or declarations. Statements, including summing-up and concluding statements by the Chair, the moderators, the rapporteurs and the representatives of the OECD and APEC are made in good faith but do not engage the other participants, the OECD, APEC or their Member economies. However, the discussions will help to crystallise ideas, clarify issues and influence the actions taken in other appropriate forums. Thus, the Forum is not an end, but rather the start of a new phase of policy work.
The central themes and the Forum sessions

The three central themes – the economy, security and participation/inclusion – run throughout all of the eight Forum Sessions. However, in order to provide a simple structure to the Forum, the sessions have been arranged in clusters so that Sessions I-III principally deal with policy matters to promote the growth of the digital economy, Sessions IV-V deal with the issues of security and user and consumer trust, Session VI and VII deal with inclusion and participation, notably development issues including the objectives of the World Summit, Session VIII draws the outcomes together and points out the implications for future action at the OECD and APEC level.

Promoting the growth of the digital economy

Session I Prospects for the global digital economy

The Information Society, characterised by direct online communication and interaction between participants, promotes responsible governance and transparent and democratic processes. The Digital Economy is a key pillar of the Information Society, dealing with the evolution of the ICT sectors themselves but also, crucially, issues of productivity, growth and development in the economy in the wide sense. A broad-based and active policy strategy is necessary to advance these issues and to bring about the desired results in terms of widely shared economic and social benefits.

Such an approach, closely related to the concept of a knowledge-based economy, consists of a number of policy fields integrated into a coherent strategy covering ICT supply and use, and addressing such issues as innovation, human capital development, e-government and inclusiveness. A comprehensive approach is necessary in order to activate demand. But this is only one factor that provides market-based incentives to suppliers. Market dynamism is based on development, which requires innovation and investment to spur both supply and dissemination of ICTs.

New technology and innovative markets continuously offer new opportunities and challenges for governments and private sector participants alike. The remarkable pace of ICT innovation through the 1990’s was a source of increased productivity and contributed to stronger economic growth.

There are lessons to be drawn from the dot-com bubble and its subsequent burst, but governments should not lose their nerve, continuing to promote policies that foster competition, private supply and technological neutrality as we approach the next growth phase. Policy needs to be reviewed and revised in accordance with these changes to remain relevant in an evolving context. It is particularly important to avoid technology lock-in, which can constrain innovation. Technology can offer quantum leap opportunities for development, but without competitive markets and proper incentives for investment this potential cannot readily be realised. Similarly, constant vigilance is necessary to ensure that regulation in all economies remains appropriate, and basic mechanisms, such as competition between different technology platforms, present a challenging agenda. Thus, the economic benefits from technological development are not automatic, but are the result of carefully planned and implemented policy. Government must be prepared to address and pursue effective technology policy and programs if these benefits are to be reaped.

Though the Digital Economy and more generally the Information Society tend to be globally unifying forces, they also permit the expression of regional and cultural diversity. Policies must also take this diversity into account. Cultural expression and locally developed and targeted content are important factors, as they provide genuine value to the user.

Clearly there is no one-size-fits-all response, and mechanisms should always be adapted to the current circumstances. Thus, it is important to compare experiences and draw from the best lessons learned. This
calls for co-operation between stakeholders; public and private alike. The OECD and APEC have accumulated experience on co-operation that offers a valuable perspective. During the short period of time since 1995 the information society, the digital economy and the policy agenda have developed substantially and the joint priorities need to be reassessed.

Strengthening the co-operation between all nations is a necessity. The UN family can offer valuable frameworks for a number of issues and it is important to make use of those. Institutions such as the OECD and APEC have an important role to play. This Forum is largely about highlighting the key priorities organising the co-operation necessary to tackle them.

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<th>Topics for discussions:</th>
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<tr>
<td>• How can policy actively advance the Digital Economy to realise the benefits for productivity, development and growth? ICT-based productivity gains are applicable to both developed and developing economies: What steps need to be taken to ensure that they can be realised by both alike?</td>
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<tr>
<td>• What policy directions would best take advantage of the opportunities and address the challenges posed by new technology to both government and private participants?</td>
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<td>• What frameworks would lead to global participation and distribution of the potential benefits?</td>
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<td>• How can we further evolve and focus the joint priorities for co-operation between APEC and the OECD?</td>
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Session II  ICTs, investment and trade

Information and communications technologies (ICTs) are increasingly ubiquitous and firms, industries and countries are reaping greater benefits from their ongoing investments in ICTs and the more widespread use of the Internet. ICT revenues particularly communications services have grown steadily in many segments, despite the slump in the ICT equipment industry, and recent sharp decline in technology stocks. In most OECD countries the ICT sector has accounted for a growing share of total production, value added, employment and trade, owing to sustained price declines and continuing technological developments and venture capital investment in ICT firms.

ICTs have been one of the principal drivers of growth – directly through above average growth of the supply side and indirectly through investments in ICTs across all sectors of the economy and consequent economy-wide productivity gains. ICTs have accounted for a large and growing share of investment and contributed significantly to output growth, particularly in some countries. The diffusion of ICTs throughout national economies has enhanced economic efficiency and substantially boosted productivity growth and the ICT-producing and ICT-using sectors have accounted for the bulk of overall productivity growth in a wide range of OECD countries. ICT producing sectors have well above average R&D, innovation and patenting and rapid rates of ICT innovation have been a major source of economy-wide change, and tend to be well above average in skill levels and use of advanced skills.

The Internet and the growth of global networking are continuing to have dramatic impacts on business strategies, far wider than the slow take-off in e-commerce transactions suggests. The adoption of e-business is restructuring internal organisation of firms, impacting external relations with suppliers and customers, particularly in areas such as market development and transaction support, improving process efficiency, and underlining the importance of organisational change. Successful Internet strategies are part of wider strategies for business and economic change. They are also having important impacts on market structures across all sectors, facilitating the management of business relationships. However, despite opportunities for market entry, established positions of leading firms may be reinforced.
Growth in ICT trade has been strong, considerably higher than total trade in goods and services, with ICTs making up over 12% of total OECD merchandise trade in 2000, and levels remain high despite the recent slow-down.\(^\text{11}\) ICT industries have had dynamic impacts on global investment and in domestic supply chains feeding multinationals. As cross-border investment increases, intra-firm trade is beginning to dominate trade, with ICT producers in the lead. Foreign investment in the ICT sector is strong, and the focus of new international investment in ICTs is shifting from manufacturing to services activities with potential opportunities for small specialized services firms. This trend is likely to continue as services undergo greater domestic deregulation and competition, as trade liberalisation continues and as marketed services take a larger part in economic activity. This will be tempered, however, by regulatory demands for competition and choice in national markets.

Government policies have concentrated on the broad liberalisation agenda to enhance infrastructure competition and expand rollout and strengthen the trust framework (security, authentication, privacy, consumer). These are complemented with focused policies to foster ICT innovation, encourage diffusion and use (to businesses and households, ICT skills, development of software, services and content), and maintain a healthy business environment with policies in areas of competition, IPRs and openness to trade and foreign investment.

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<th>Topics for discussion:</th>
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<tr>
<td>• What are the current prospects for the ICT supply side? How is the slowdown in the ICT supply-side and ICT investment affecting productivity growth?</td>
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<td>• Is ICT innovation being maintained? How are developments in ICT innovation affecting investment and what are the economy-wide impacts?</td>
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<td>• How are e-business strategies restructuring different sectors of the economy? Are there particular incentives or obstacles for adoption, e.g. in areas of competencies, perceived benefits, trust and security, which require policy attention?</td>
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<td>• Are there new policy priorities to foster supply and use of ICTs and applications? Are there new ways of looking at infrastructure roll-out and applications and use, e.g. for broadband? How are priorities sequencing and policy delivery changing over time?</td>
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<tr>
<td>• What are the prospects for global ICT sector investment and related trade flows? Are there particular impediments to ICT trade despite globally low tariffs? Are there particular policy priorities to encourage ICT-related foreign investment and international trade?</td>
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**Session III  Access: Developing the information infrastructure**

OECD, and many non-OECD, governments have recognised that broadband information infrastructures can provide new economic opportunities, support the development and diffusion of new services and are important in improving growth in productivity. Evidence from OECD markets points to the conclusion that a liberalised telecommunications environment supported by pro-competitive regulation is fundamental to the deployment of broadband. Consumers, and ultimately economies, can benefit from creating infrastructure competition. An efficient telecommunications sector lowers the cost of doing business by improving access to basic and advanced services, lowering prices for transmission and various services and

\(^{11}\) Data from OECD (2002), *Information Technology Outlook* 2002. For 2001, incomplete data covering 16 OECD countries showed a decline in the ICT manufacturing trade share by 2.4% from close to 20%, OECD (2002), *Measuring the Information Economy.*
improving the responsiveness of service providers to needs of various users. Further, it stimulates services, such as electronic commerce, that depend on a high-speed communications platform. Based in part on these findings, the APEC community is now turning its attention to the economic and social effects of improved broadband infrastructure deployment.

The OECD work to date concludes that to benefit from broadband, policies need to ensure effective infrastructure rollout and maximal geographic and population coverage. These strategies require a number of specific policy goals based on the understanding that demand for future telecommunications based services is uncertain and cost structures change with technology and the competitive market. Such uncertainties make investment in the sector risky, more so in one that is undergoing significant structural change. However, a liberalised market deals with such uncertainties and responds to them far more effectively than a market dominated by a single player than one with majority government-owned capitalisation of the major suppliers, or one without effective pro-competitive regulation.

Access to network resources and to markets is a key requirement for effective competition. Recent emphasis by telecommunication regulators regarding access, in particular to stimulate broadband diffusion, has been on local loop unbundling ranging from full unbundling to bitstream access. Local loop unbundling policies have, however, highlighted the fact that an integrated framework for telecommunications regulation is necessary: unbundling by itself, without effective collocation policies, measures to prevent a price squeeze by incumbents, or access to rights of way, will not succeed. Not all OECD countries that have succeeded in broadband deployment have had unbundling; Korea is a case in point, but Japan provides a counter example where unbundling and cheap access to unbundled loops, has allowed new entrants to rapidly build-up a customer base. Most OECD and some APEC countries that are succeeding in broadband deployment are doing so because of competition and enhanced opportunities to access customers either directly using their own facilities or indirectly using the facilities of the incumbent.

Broadband policies have benefited from benchmarking by regulators who have learnt from early mistakes and as a result many OECD and APEC regulators have quickly put in place frameworks which are now starting to show results. Regulatory initiatives, which are not comprehensive, can have significant negative results and slow market development. For this reason adoption of best practice regulation should be encouraged. Benchmarking, as well, allows regulators to assess their relative performance compared to best performers and take appropriate action to adjust policy frameworks. Lessons from both OECD and APEC countries, include that best practice regulation is an important basis for emerging economies that may lack experience, yet want to build up an effective regulatory and policy framework quickly.

Broadband policies should incorporate effective pricing policies. A price squeeze can occur because existing subscriber retail prices are not rebalanced so that even cost-based wholesale prices will limit the ability of new entrants to earn a sufficient mark up. Price squeezes can also result from wholesale prices that are not cost based. Such higher access charges mean that costs are higher for new entrants. This means a new entrant’s prices will have to be higher for it to be profitable, and so it is less likely to win customers from the incumbent. For these reasons it is imperative to regulate access prices, in addition to the conditions of access.

The initial benefits of liberalisation in emerging markets will bring benefits to consumers and business users. The benefits unfold in this way: increased competition results in competitive price reductions will bring about an increased volume of usage or traffic levels and connection rates. The increased usage spurs competitors to offer a wider range of services and improve their responsiveness to customer needs in order to win market share and as the incumbent tries to retain customer loyalty.

An important issue for regulators and policy makers in developed, as well as in emerging countries, is how to respond the significant organisational changes that are occurring in the industry. Most incumbent
carriers in emerging markets lack the volume of traffic and connections to achieve the most efficient scale. This should not matter in the short term; as market liberalisation takes effect, average costs are likely to fall significantly. At some point however there will be market pressure to consolidate on a regional basis, as is happening in the United States and European markets (and among some Asian markets). The recent debt crisis impacting the industry is also increasing pressure to seek economies of scale in some services. For this trend in service diversity to achieve its potential requires policy makers to have faith in a liberal market supported by appropriate regulatory arrangements to achieve the most efficient outcomes and best deliver benefits to their citizens. Convergence of infrastructures and services will require appropriate responses from policy makers and regulators in terms of their legal and organisational structures. This necessitates a broad view in order to meet regulatory challenges and needs for technology neutrality. Some non-OECD APEC countries have been very innovative in meeting the needs for converged communication markets through farsighted innovative regulatory organisations and frameworks. Such organisational convergence needs to expand to facilitate policy frameworks that favour convergence and can expand new services.

Infrastructure rollout and use are crucial to enhance inclusiveness and reduce gaps in access to ICTs. Demand side initiatives are very important in this context but supply remains crucial to reducing digital divides. The impact of competition, while helping to reduce prices and stimulating infrastructure build-out is important, but may not be sufficient in all areas. OECD countries have put in place a number of policies to help maximise the availability of new broadband technologies. Most have also warned that care must be taken not to use policies which could distort the market and provide new advantages to incumbent telecommunication operators.

Topics for discussion:

- What are the key policy priorities necessary to expand access and increase competition?
- Will countries be able to leverage technological change, especially through access to the Internet, to effectively expand inclusiveness? What are the best strategies to enhance innovation and technological diffusion for new applications and services?
- Do unbundling policies provide the right incentives to investment, improve the focus of investment, and stimulate the rollout of new technology?
- What lessons can we learn from the leading OECD and APEC broadband countries? What mistakes should we avoid?
- How can we best meet the requirements of users and consumers? What are the major issues limiting business uptake in trailing sectors and regions and small businesses?
- What are the experiences of converged regulators and what are the most difficult barriers which need to be overcome?

Security and user and consumer trust

Session IV: A culture of security for the networked society

The use and security environments of information and communication technology have changed substantially in the last few years. Evermore powerful personal computers, converging technologies and, in many countries, wireless based systems, and the very widespread use of the Internet have replaced what were modest, stand-alone systems and predominantly closed networks. Today, businesses, governments,
consumers and other individuals and enterprises, as well as national and international critical infrastructures such as power generation and distribution, financial markets, and transport all rely heavily on the use of information systems and networks, which are increasingly interconnected globally. These developments raise new issues for security.

Each participant, from the casual user of a networked system to those who design and build such systems in information networks, is an important element in an increasingly interconnected and interdependent environment. Participants should be aware of relevant security risks and preventative measures, should assume responsibility for matters within their control and take steps to enhance the security of those systems and networks. Participants should adopt and promote a “Culture of Security” as a way of thinking about, assessing and acting on the operation of information systems and networks.

The OECD is contributing to this process through substantive revision of the OECD’s Security Guidelines for Information Systems (1992) (“Security Guidelines”). The revised Guidelines were adopted by the OECD Council on 25 July 2002. The Guidelines are designed to help develop this Culture of Security among governments, businesses and users.

To foster the culture of security, every participant should be aware, be responsible and take actions to ensure security. The actions should be consistent with the values of a democratic society, such as (1) the freedom to exchange thoughts and ideas, (2) the need for an open and free flow of information, (3) the confidentiality of information and communication, and (4) the appropriate protection of personal information, openness and transparency and basic concerns for personal privacy. The nine principles in the Guidelines are foundations for developing a culture of security.

Although the Guidelines are non-binding, they are the product of a consensus between OECD governments, resulting from discussions that also involved representatives of the information technology industry, business users and civil society. OECD governments and other participants will draw on them in establishing policies, measures and training programmes for online security.

Governments are encouraged to promote a Culture of Security through education, training, raising awareness and publications. If necessary, they are encouraged to establish a new policy or amend existing policy to take the Guidelines into account.

As a supplier of services and products, the business sector is encouraged to be responsible for the security of systems and networks by factoring security into the design and use of their systems and networks. It is also encouraged to supply information, including updates to users.

Individual users need to be aware of the risks and available safeguards for their systems. They then need to be responsible for maintaining the security within the limits of their responsibility.

The issues addressed in these Guidelines are also of concern to all countries that have access to networked information systems. In recognition of this fact, the United Nations adopted Resolution 57/239, Creation of a Global Culture of Cybertsecurity, based on the OECD Guidelines 20 December 2002.

Other internationally developed approaches to increase security have been developed and deserve attention. These include the Ten Principles and Action Plan developed by the G-8 (1998), UNGA resolutions 55/63 (2000) and 56/121 (2001) on establishing the legal basis for Combating the criminal misuse of information technology, and the Convention on Cybercrime of the Council of Europe (2001). In its work, APEC has developed and is implementing on an urgent basis an APEC Cybersecurity Strategy that draws from this international work and calls for action in areas of legal developments, information sharing and cooperation, security and technical guidelines, public awareness, training and education, and wireless (new technology) security.
Topics for discussion:

- What roles should governments, business and other stakeholders play in promoting a global culture of security?
- What can be done to raise awareness of the users and how can other stakeholders help and support such users to take actions?
- What are the best strategies for achieving further promotion of global culture of security, and in which particular areas should these efforts be focussed?
- What can be done to enhance law enforcement co-operation for security in a networked world?
- How can we promote the need for enhancing security in a manner that reflects the values of a democratic society?
- What kind of message should we send to the World Summit on the Information Society in terms of global culture of security?

Session V  Consumer and privacy protection in the global information society

Online Business to Consumer (B2C) transactions are growing steadily, but remain a small part of overall global retail sales as well as total e-commerce transactions. Lack of trust by the consumers of the businesses involved is seen as a serious impediment to the development of B2C transactions and to the digital economy as a whole. Surveys and polls continue to highlight consumer concerns about online security, privacy, and consumer protection, and government authorities report that complaints in relation to the online environment are growing. As globally effective responses have been slow to emerge, it is urgent to re-examine the respective roles of governments and other participants in enhancing individual user trust online and the tools for accomplishing that objective.

The practical challenges posed by cross-border transactions can be reduced when international consensus on core protections can be found, increasing predictability for consumers and businesses alike. The OECD Privacy and Consumer Protection guidelines and recently approved APEC guidelines on consumer protection represent important contributions to international consensus on core protections. Further consensus-building efforts are underway. APEC is pursuing greater consensus in the area of privacy protections. OECD is working on consensus on defining “fraudulent and deceptive commercial practices”. Efforts to achieve consensus on topics like fair trading practices, principles for alternative dispute resolution, and protections for payment cardholders have been undertaken in various forums. This work is continuing, but broadly speaking, a truly global consensus on core privacy and consumer protections – even at the level of voluntary guidelines – has yet to emerge.

The interactive capability of network technologies offer a potentially effective means of enhancing user and consumer trust, through facilitating access to information and otherwise improving the practical ability of users to protect themselves. A number of privacy-enhancing-technologies have been introduced, and the OECD has itself contributed through the creation of its online privacy policy statement generator. Similarly, the Web has proven invaluable as a tool for government and private sector use in enhancing consumer protection online. Although the technological innovations have been impressive, the emerging marketplace for trust products and services may benefit from additional nurturing to reach its full potential.
For any trust-related tool or measure to have a positive impact on trust, consumers and users must be aware of, and understand the protections afforded. The importance of education and awareness-raising is highlighted in the OECD Consumer Protection Guidelines and reflected in OECD work related to Alternative Dispute Resolution (ADR) and payment cardholder protections. In both areas, the OECD has produced documents specially addressed to educate end users in addition to policy makers. Nevertheless, educating users in a global environment requires further efforts to overcome challenges such as identifying the right vehicles to convey the messages, making the messages easily understandable, and, securing a consensus on the content of the messages.

Concerns about privacy violations, pyramid schemes flourishing on the Internet, and other types of online fraud are detrimental to online consumer trust. Ensuring that current laws and regulations are effectively enforced in cross-border situations is a major challenge for governments that have set up enforcement actors and procedures designed for a largely domestic marketplace. Challenges include information sharing, investigative assistance, jurisdictional reach, and adequate remedies.

The potential for cross-border transactions with their associated benefits of increased competition, consumer choice, and market access for business is seriously undermined by lack of consumer trust. The law enforcement challenge, important though it is in a purely domestic environment, is even more acute in the international context. The OECD is currently taking a strong lead in addressing these issues in the context of cross-border fraudulent and deceptive commercial practices. Furthermore, successful initiatives for informal enforcement co-operation are already underway, even if limited in geographic and substantive scope.

An increasing variety of regulatory and self-regulatory policy tools can be used to enhance user and consumer trust online. Some of these tools are designed to establish norms or standards, others to ensure that the norms and standards are followed. Although some have international reach, most have a national or regional focus. Because the online environment challenges the implementation of national regulatory and self-regulatory policies, user and consumer trust online is likely to be enhanced through a mix of approaches blending legal, self-regulatory, technological and educational solutions with a cross-border focus. Conceptually, consumer privacy and protection markets could be expected to self-regulate given the inherent nature of trust products. In practice however, there is the need for a combined effort between self-regulatory initiatives and established regulatory structures. The coherent design of trust-enhancing policy frameworks requires governments, business, industry, and civil society to work together. A traditional way of securing such a global framework would be an international agreement. Another approach is the creation of new platforms for public-private co-operation through which government support for business-led technological innovation can advance implementation of key policy objectives.
**Topic for discussion:**

- What roles should governments and other stakeholders play in improving trust for users and consumers, and is the current policy toolkit adequate to the task?
- What are the best strategies for achieving further consensus on core consumer and privacy protections, and in which particular areas should these efforts be focussed? How can OECD and APEC economies better co-ordinate their efforts in this regard? Should they also undertake joint outreach efforts to economies outside the OECD and APEC frameworks?
- What can be done to foster user and consumer awareness of the degree to which online behaviours bring benefits or create risks? Can governments improve their abilities to communicate key messages to consumers? How can policy makers assist the private sector actors that have more direct communication links with end users in conveying effective trust-building messages?
- What can be done to enhance the law enforcement co-operation in a global digital economy? Can informal international networks and initiatives be replicated or expanded to cover a wider number of substantive areas or economies? Can government enforcement regimes set up for a largely domestic marketplace be updated to better address the cross-border challenges?
- What can be done to foster the development and use of technological tools in achieving effective consumer and privacy protections? How can the marketplace for trust-related products and services be nurtured? What can be done to encourage businesses and consumers to use trust products and services currently available? What can be done to increase the technical literacy of users and consumers?

**Inclusion and participation**

**Session VI  Towards an inclusive information society**

Infrastructure rollout and use are crucial to increase digital opportunities, enhance inclusiveness and improve access to ICTs. Applicability, sustainability, competencies, confidence and lower costs are all necessary to ensure opportunities and inclusiveness and expand use. Security, trust, authentication, and privacy are necessary elements in the overall framework which governments can promote.

Content creation and distribution are crucial elements for expanded use of infrastructure, particularly broadband. There is growing interest in fostering local content and content intensive activities in general, and governments are taking increasing interest in knowledge-intensive content in areas of government activity such as healthcare, education and government services.

There are major differences across and within countries in the uptake and use of ICTs. New social divides are related to income, education, workplace use, age, gender, family type, urban/rural location. Business divides relate to sector, region, and size. Business reasons for non-adoption include strategic impediments and applicability, need to reorganise, skill shortages, security and privacy considerations, and investment costs. Small firms provide significant shares of production, employment and job creation in all economies, and they are important in many new areas of content creation and IT services. Small firm ICT access, application and use issues have often been the focus of government attention.

All OECD countries have elements of e-government strategies designed to improve government efficiency and coverage. These strategies have the potential to reform existing government processes in order to best take advantage of new technologies and spur action in lagging ministries and government agencies. At their most effective, they promote a citizen-centered approach by providing services that answer public demand while ensuring online privacy and security. E-government strategies can further provide value to citizens and business by improving content and overall service quality, and by promoting the interactivity
of services, providing the depth and complexity that encourage citizen engagement. Properly implemented, they can serve to provide demonstration effects in new projects (e.g. on-line social security transactions, taxation), and provide pull-through effects (e.g. through small business procurement).

Underpinning the expanded use of ICTs is the provision of specialised professional and managerial ICT skills and the expansion of ICT literacy. There are major roles for business and government and considerable scope for public-private partnerships to expand supply and increase literacy.

Worker skills and workplace reorganisation are crucial elements in expanded uptake, with considerable evidence that ICT use in the workplace is a major determinant of wider use. However there are major differences among workers and workplaces in the effective uptake and productive use of ICTs. There are major roles for business, worker organisations and governments to enhance worker skills and workplace reorganisation to ensure that the productivity and efficiency impacts are widespread and equitably shared.

Based on internal reviews, APEC has discerned six policy elements to improve inclusiveness and access to and use of ICTS. These are: leadership, public-private partnership, policy coherence, market focus, sustainability and scalability. These elements form the cornerstone of the APEC’s Digital Divide Blueprint for Action, which will concentrate efforts on infrastructure development, to include next-generation technologies, human capacity-building, and policy reform and support for ICT access.

### Topics for discussion:

- What are policy priorities to expand digital opportunities and increase inclusiveness?
- What strategies are effective in expanding the uptake of ICTs? In expanding the supply and use of local content? How effective are strategies to encourage digital content provision in healthcare, education and government services? How do community-level models compare to individual-level access models?
- What are the major issues limiting business uptake in trailing sectors and regions and small businesses? How important are trust and confidence issues? Problems of interoperability? What are the business and government roles?
- How important are e-government strategies in overall government plans for improving effectiveness and expanding government coverage? How can they better prepare governments to take full advantage of ICTs? How are gaps in ICT access being tackled to ensure e-government does not expand differences across different social groups and kinds of businesses? How effective are demonstration and pull-through elements in e-government strategies?
- What strategies and incentives are effective in increasing the supply of specialised skills? In enhancing ICT literacy? What are the respective roles of business, government, educational and non-government agents?
- What are the most important skill and organisation factors limiting the effective use of ICTs?
Session VII  Global information society: prospects for the World Summit

The problems of economic and social development and participation of all people and all nations in the global community, and discovering ways to share the benefits of development and to ensure basic human rights is a fundamental raison d’etre of many existing institutions, notably within the UN family. Such considerations are also fundamental to the OECD and APEC and are enshrined in their founding constitutions. The programmes of work of the two organisations and their major conferences and gatherings have stressed the increasing urgency of these issues in the light of the twin challenges of growing global interdependence and perceived growing inequalities at all levels. Most recently, following the UN Millennium Summit, fundamental objectives have been encapsulated in the Millennium Development Goals (MDGs).

Clearly, ICTs, though no panacea, offer a significant potential toolkit for contributing to every one of the MDGs, whether explicitly addressing information society or other, more fundamental goals such as the struggle against poverty, disease, illiteracy. Thus, as society evolves into an information society, in the developed world at least, the issue of participation in information society by all global actors becomes a priority for policy attention. The digital divide – differences in access to ICTs and information, both between social groupings within countries and between countries—became a hotly debated policy concept. Equally, the other side of the coin – digital opportunities – recognises the win-win nature of inclusiveness in global information society. Global information society and the digital economy – like society and economy in general imply the involvement of all stakeholders playing their respective roles: governments, certainly, but also enterprises of all kinds and sizes, non-governmental organisations and individuals in their roles as citizens, civil society, students, workers, consumers, and others.

A bold and far reaching initiative recognising the timeliness of this debate is the World Summit on the Information Society (WSIS). The initiative, arising from a resolution of the Council of the International Telecommunication Union (ITU), was welcomed by the General Assembly of the United Nations (Resolution 56/183 of 21 December 2001). A preparatory process, including three global PrepComs and a number of regional conferences and an Executive Secretariat was created. The World Summit will be held in two phases, in Geneva on 10-12 December 2003 and Tunis 2005. The first phase of the World Summit will address the broad range of themes concerning the Information Society and adopt a Declaration of Principles and an Action Plan, addressing the whole range of issues related to the Information Society. The second phase will focus mainly on development themes, assess the progress and adopt any further Action Plans to be taken.

The World Summit is the first time that all Governments of the world assemble to discuss the issues of the Information Society and the Digital Divide. Its goal is to harness synergies and to create co-operation among the various ICT-initiatives at the regional and global level and promote and foster the potential of ICT for development.

No organisation or stakeholder related to ICT itself and/or ICT deployment can stand aloof from this potentially immensely influential initiative. Inevitably, such an ambitious and large-scale undertaking presents its challenges. One challenge is getting the stakeholders to focus on common aims. Another is

12. Background Information: The 56th Session of the UNGA, December 2001 (i) Recognised the urgent need to harness the potential of knowledge and technology for promoting the goals of the UN Millennium Declaration, and to find effective and innovative ways to put this potential at the service of development for all; (ii) Called for a meeting at the highest political level, to marshal the global consensus and commitment required to promote the urgently needed access of all countries to information, knowledge and communication technologies for development, and to address the whole range of relevant issues related to the Information Society, through the development of a common vision and understanding of the Information Society.
deploying the intergovernmental mechanisms of the UN system to tackle such broad concepts as information society where all actors contribute to it. At the substantive level, many non-UN international organisations potentially have a lot to offer to the World Summit. This includes the OECD as well as APEC and regional entities such as the EU. It also includes, notably, business and civil society organisations.

This session offers the opportunity to assess the WSIS landscape and for the concerns, preoccupations and policy priorities of a number of important stakeholder communities to be debated.

### Topics for discussion:

- What is the shared vision of the global information society?
- What framework can the international community develop to ensure that the possible benefits of ICTs for development are maximised while the possible obstacles and barriers are minimised?
- How can the benefits of ubiquitous and affordable ICTs be extended to all the world’s inhabitants, and how can we assist those that have access to ICTs to use them more effectively?
- The development of ICTs has implications for economic, social and cultural development. How can ICTs be leveraged to help promote the common goals of humanity, such as the Millennium Development Goals articulated in the UN Millennium Declaration?
- What issues do the various stakeholders of the information society feel should be addressed at the WSIS and what are their hopes and expectations from it?
- What is the role of OECD, APEC or other intergovernmental organisations in the preparation of the World Summit?
- In general, what is the role of various stakeholders in the process towards the Information Society, and
- What kind of responsibilities and risks do we share among the stakeholders?

## Conclusions and follow-up

### Session VIII The new policy agenda: the way forward

The global digital economy has moved into a new and exciting phase, marked by spreading access, new applications in broadband and content and technological progress on the one hand and the growing pains of economic bubbles and crises in the telecommunications and IT sectors on the other. Language and terminology have changed. At various times terms such as “the information superhighway”, “electronic commerce”, “the digital divide”, etc., have been used to express packages of policy concepts. Today, while recognising the special features of the technologies and unique nature of phenomena such as the Internet and digital content, the information society and digital economy are increasingly seen as manifestations of society and the economy in general. Policies in these domains are increasingly assimilated into policy frameworks targeted on overall economic and social goals. Electronic business is simply a means of engaging in business, albeit a means with particular and appealing characteristics.

Thus, in driving the digital economy, many of the policy issues have changed in importance and priority – the three themes of this Forum, notably: the economy, security and participation/inclusiveness and new emerging areas of broadband and content are being identified. Others are unchanged – regulatory reform, investment issues, development of infrastructure and services and assuring access to them at affordable prices, technology development, harnessing market drivers, privacy, and consumer protection issues for example. In spite of continuing vastly different rates of participation in the global information society, this
is not a marginal phenomenon concerning an elite or a minority, but a fundamental opportunity for prosperity and advancement for all the world’s citizens and, as such, has become a priority consideration for Heads of State and governments everywhere.

Global issues require global reflection on how best to move forward. Cross-border issues must be addressed in the appropriate international institution. One example is the current effort in the OECD to reach agreement on a recommendation to protect consumers from cross-border fraud. Previous Forums in this series have been influential in clarifying the appropriate policy concepts to be examined, the general policy principles that should prevail, and identified the specific policy co-operation efforts that were required including the institutions and mechanisms.

Given the diversity among the world’s nations it may be unrealistic to seek global solutions on a one-size-fits all basis. However, it is certain that the need for international co-operation, consultation and analysis is growing. Are we on the right track regarding the policy strategy and the general principles that govern it? What are the priority issues for the new policy agenda? What are the mechanisms for implementing it? Finally, what are the institutions available to help the stakeholders shape the digital economy and information society?

The Forum will have debated many of the main themes and policy areas, taking account of the global economic conjuncture, developments in the ICT sector and in the technologies themselves, in the economy and society. This session will attempt to draw the threads together and highlight the future policy agenda and the means for taking it forward, notably through the development of policy messages for the consideration of OECD and APEC.

### Topics for discussion:

- What are the priority areas on which countries should focus policy work?
- How can countries encourage long-term commitment and an appropriate business environment to reap continuous productivity gains from ICT, both in the private and public sectors?
- The lead times of technological development are shorter than ever. How can Governments and International Organisations adjust their processes so that policies can remain relevant?
- The Digital Economy is being driven by ICT and infrastructure supply and expanding demand, including services and content use. What are the new interactions between supply and use and how can policy contribute to more rapid and equitable uptake and development of local content?
- How can countries best foster a co-operative spirit and sufficient transparency to compare notes and share best practices?
- How can the different priorities be accommodated into converging international processes?
APPENDIX: SPECIAL CONSULTATION SESSION ON THE WORLD SUMMIT ON THE INFORMATION SOCIETY

The special session on the morning of 17 January suggests how the outcomes of the Forum may be cast in terms of contributions to the WSIS preparation and outcomes.

The Information Society has broad consequences for the spread of knowledge, social and political processes and economic growth. The World Summit on the Information Society is an opportunity for stakeholders from various sectors to develop an understanding of the aspects of these new dynamics and provide inputs into co-ordinated future policy action.

Making the best use of technologies, particularly information and communication technologies (ICTs), is a central theme of the OECD’s work towards promoting growth and sustainable economic development. Grasping the impacts of e-commerce and ICTs on the global economy and society is a high priority issue. The OECD and the World Summit share a focus on furthering the Information Society through appropriate measures related to economic policy, security and participation. This must take into account the global nature of the digital economy and information society and the need for international multi-stakeholder cooperation and dialogue.

The first phase of the World Summit on the Information Society, Geneva, 10-12 December 2003 will undoubtedly be the main event concerning the digital economy and information society in the coming year. The second phase will take place in Tunis in 2005. As such, throughout the OECD-APEC Forum and its associated events, consideration of the WSIS and its preparatory process are never far away. The second PrepCom, Geneva, 17-28 February 2003, takes place only one month after the OECD-APEC Forum.

An earlier OECD event on electronic commerce and the information society, the Emerging Market Economy Forum on Electronic Commerce, in Dubai in January 2001, took place following a previous international attempt at creating a Global Information Society. This was the G-8 Okinawa-Kyushu Summit in 1999, which led to the promulgation of the “Okinawa Charter” and the creation of the Digital Opportunities Task Force (DOT Force). The OECD organised a special consultation meeting between the DOT Force members and other stakeholders that was extremely fruitful in focusing the strategy of the work of the DOT Force and helping shape the later input of the OECD to the process.

It is hoped that this special consultation session may perform a similar useful function for the World Summit. The sessions of the Forum, notably Session VII, have provided a platform for key stakeholder groups to declare their visions for a prosperous, inclusive global information society and to state their hopes and aspirations for the World Summit. This session will attempt to translate these considerations into precise proposals for input into the World Summit process: What are the consequences of the Forum discussions in terms of the content and themes of the World Summit? What does it mean in terms of developing input (statements, declarations, pledges, data and research) to the Summit? What does it mean in terms of proposals for the Summit outcomes (Declaration of Principles, Plan of Action, etc.)? What does it mean in terms of mechanisms for implementing the principles and Plan of Action? Finally, what does it mean in terms of the available institutions and their co-ordination, according to their competence and mandates?
From the perspective of the OECD there is one quite precise outcome that is sought from this session. What can the OECD provide and what role can the OECD and its Member countries play in the preparatory process?

**Topics for discussion:**

- How can the Summit benefit from the experience of other attempts to create a prosperous and inclusive global information society (the Okinawa Declaration and the DOT Force, the UN ICT Task Force, the work of international intergovernmental organisations)?
- What can we say about the outcomes of the Regional Preparatory Meetings that have taken place so far?
- What are the consequences of the Forum discussions in terms of the content and themes of the World Summit?
- What does it mean in terms of developing input (statements, declarations, pledges, data and research) to the Summit?
- What does it mean in terms of proposals for the Summit outcomes (Declaration of Principles, Plan of Action, etc.)?
- What does it mean in terms of mechanisms for implementing the principles and Plan of Action?
- What does it mean in terms of the available institutions and their co-ordination, according to their competence and mandates?
- What can the OECD provide and what role can the OECD and its Member countries play in the preparatory process? And how can APEC and its working structure contribute?