OECD 2016 Ministerial Meeting on The Digital Economy: Innovation, Growth and Social Prosperity

Background Paper

Internet Society

Introduction

In most Organisation for Economic Co-operation and Development (OECD) countries, the digital economy has become *the* economy. The Internet and ICTs permeate societies and economies at the global and local levels, blurring the line between what's an online activity and what's not. In this context, the issue is no longer about anticipating and preparing for the digitization of society: it is about how to **harness the benefits of the digital economy and generate trust across all sectors**, in a networked, complex and global ecosystem.

The pervasive nature of the Internet has generated new opportunities for growth and inclusion, but also **tensions** between advocates of unrestricted openness and proponents of regulation. Eight years after the OECD Ministerial on the Future of the Internet Economy in Seoul, the 2016 OECD Ministerial on the Digital Economy will play an essential role in forging a new consensus among OECD countries on their vision for the future of an open and inclusive Internet.

Addressing these challenges requires the involvement of **all stakeholders** to find common solutions through collaboration. The OECD incorporates stakeholder inputs through its own advisory committees: Internet technical (ITAC), business (BIAC), civil society (CSISAC) and trade union (TUAC) actors. The 2016 Ministerial should emphasize the tangible benefits of multistakeholder cooperation as part of its key outcomes and across all Ministerial themes.

Overview of the Ministerial

The 2016 OECD Ministerial Meeting on the Digital Economy, 21-23 June, in Cancún, Mexico, aims to move forward the digital agenda of the OECD in four key policy areas:

> Internet openness and innovation

> Trust in the digital economy

> Building global connectivity

> Jobs and skills in the digital economy

Discussions among Ministers and other stakeholders should focus on issues such as:

> How to enable innovation and digital growth whilst protecting trust and upholding principles of inclusiveness?

> How to maximize benefits of openness while minimizing threats?

> What are the next steps of convergence?

The **impact of this Ministerial will not be limited to OECD member states**. Considering the weight of the 34 OECD member states in the global digital economy, it is likely that policy frameworks set by the Ministerial will have an influence beyond OECD member countries. As access to the Internet extends to the remaining 60% of the world's population, it is possible that many countries in emerging markets will face similar challenges in the fields of security, privacy, connectivity and openness.

Milestones in OECD's work on the digital economy

1998 > Ministerial Conference on E-commerce, Ottawa

Around the theme of "A Borderless World: Realizing the Potential of Global Electronic Commerce), the conference brought together not only OECD Ministers, but also observer countries and non-governmental stakeholders to facilitate a global approach for global solutions. The conference resulted in statements that set early guiding principles for the future of e-commerce, including principles of self-regulation, taxation, privacy and consumer protection.

2008 > OECD Ministerial on the Future of the Internet Economy, Seoul

The OECD articulated a collective vision, shared by all stakeholders, of a desirable future economy and society supported by the Internet. This required concerted action by all stakeholders, and across national borders. The OECD also committed to use multistakeholder cooperation to achieve the objectives outlined in the Declaration. Two new OECD Advisory Committees, ITAC and CSISAC, were created as a follow-up of the contributions of civil society and the Internet technical community to this meeting, further strengthening the OECD's structure of stakeholder engagement.

2011 > High Level Meeting on the Internet Economy, Paris

During its High Level Meeting on The Internet Economy: Generating Innovation and Growth, the OECD highlighted the essential role of Internet openness as a foundation and driver of digital economic growth. The outcome of the meeting was a communiqué that included 14 Internet policy making principles to guide future policy development and that were adopted as a formal recommendation by the OECD Council at its December 2011 meeting.

OECD facts

> Creation: 1961
> 34 member countries
> Enhanced Engagement program with non-member states: Brazil, India, Indonesia, China and South Africa
> Non-government stakeholders contribute to its work via Advisory Committees

Digital Economy in OECD Countries

> ICT contribution to GDP (2011): 6%	> ICT-related jobs (2011): 3.7%
Highest: Ireland (11.9%)	Highest: Finland (6.4%)
Lowest: Austria: (3.8%)	Lowest: Greece (1.8%)

Internet Society

Ministerial Themes and Priorities

Internet Openness and Innovation

Areas of discussions/conflicting objectives

> Defining the economic and social benefits of Internet openness

> Global data flows vs. personal data protections

> National security objectives vs. openness and privacy

> Low regulation of ICT sector vs. protection of traditional industries

> Conflicting understandings of the concept of openness

Sub-issues

> Data localisation

> Privacy and national security

> Net neutrality

> Content control

> Innovation

> Entrepreneurship

> Trade

> Social well-being

> Effects of national digital policies beyond national border

Internet Society priorities

> Promoting the open, distributed and interconnected nature of the Internet and encouraging *multistakeholder cooperation* (based on inclusiveness, collective responsibility, efficiency, collaboration) to address complex local and global Internet-related issues.

> *Open Internet technical standards* are at the core of permission-less innovation: the ability for anybody to create new applications and services on the Internet, without having to ask any central authority for the ability to do so.

> Openness and innovation should be reinforced by *trust*, based on the respect of privacy and fundamental rights.

Building Global Connectivity

Areas of discussions/conflicting objectives

> Market-based access initiatives vs. government intervention

> New Internet services providers vs. telecom operators

> Implications of convergence of fixed, wireless and broadcasting infrastructure

> Internet of Things (IoT) as a growth driver vs. security and privacy concerns

Sub-issues

> Infrastructure investment and competition

> IoT interoperability of technical standards

> Security & privacy of connected devices

Internet Society priorities

> Deployment and implementation of *IPv6* is necessary to ensure that the Internet economy can scale, especially with the perspective of the expansion of *the Internet of Things*, and the billions of connected devices that will require IP addresses.

> Broad and efficient *Internet interconnection* is critical for the continued growth and stability of the local, regional, and global Internet. Governments have a role in creating environments that provide choices and flexibility for interconnecting networks, while also removing artificial barriers.

> *Local content* plays an essential enabling factor to promote Internet growth, speed and affordability.

Trust in the Digital Economy

Areas of discussion/conflicting objectives

> National security imperatives (incl. surveillance) vs. trust

> Cross-border data flows and big data vs. privacy

> Implications of sharing economy on basic regulations and consumer protection

> Policies and regulation for e-commerce: should the hands-off approach be kept?

Sub-issues

> Privacy and security risk management

> Sharing economy

> Consumer protection

> E-commerce

Internet Society priorities

> *Trust* should be the bedrock of the digital economy. Without trust, there can be no sustainable digital economy that fosters economic and social prosperity. Core components for trust include:

> *Security:* The Internet Society (ISOC) supports the principles of "Collaborative Security", which are also reflected in the OECD's Digital Security Risk recommendations. Security is a shared responsibility, and its ultimate aim should be to foster confidence and to ensure the continued success of the Internet as a driver for economic and social innovation. (Security is not an end in itself).

> *Privacy*: Good privacy practices and ethical data handling are essential to support the growth of a digital economy that's defined by trust.

Internet Society

> *Respect for human rights*: The respect of individual freedoms, whether offline or online, are essential building blocks to achieve human, economic, and social development.

Jobs and skills in the digital economy

Areas of discussion/conflicting objectives

> New skills in ever-evolving labour markets to create and use digital products

> Full-time jobs evolving into an uneven flow of "on-demand" tasks (social costs)

> Transfer of resources – labour, investment, firms – from declining to growing sectors

> Ensure adaptation of low-skilled workers to digital skills

Sub-issues

> Skills/education policies

> Life-long learning

> Resources transfer

> Industry shifts

> Employment in digital economy

Internet Society priorities

> *Digital literacy* and cross-sector cooperation are essential skills for the 21st century. ISOC has a number of fellowships aimed at socializing different stakeholder groups to the Internet ecosystem.

> Importance for Internet users to become Internet *creators*. This includes women, youth, and persons with disabilities.

Non-government contributions to OECD's work

Since its inception, the OECD has built non-government input into the development of its work. The first non-government stakeholders to have a formal relationship with OECD were the trade unions, via the Trade Union Advisory Committee (TUAC) and the private sector, through the Business and Industry Advisory Committee (BIAC) to the OECD.

In 2009, as a result of the OECD's work on digital issues in the wake of the World Summit on the Information Society (WSIS), civil society and the Internet technical community also established formal relationships with OECD to provide input to the OECD's Committee on the Digital Economy Policy via the Civil Society Information Society Advisory Committee (CSISAC) and the Internet Technical Advisory Committee (ITAC).

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