



THE USCIB  
FOUNDATION



## Joint USCIB/BIAC/OECD Conference on “Promoting Inclusive Growth in the Digital Economy: The OECD Evidence and Practice Base”

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Microsoft Innovation & Policy Center  
901 K Street, NW, 11th Floor  
Washington DC 20001

### Executive Summary

Information and Communication Technologies (ICTs) hold tremendous potential to create economic opportunity, address social challenges and include everyone in the digital economy. In just a few years, the Internet and related technologies have gone from being mere tools to supporting the foundation of the entire global economy. About half of the world’s population had mobile phone service last year, while one-third of all people used mobile networks to connect to the Internet. Countries that can better leverage the Internet to serve their needs will prosper.

Everybody stands to benefit from the Internet. The Organization for Economic Cooperation and Development (OECD) has pioneered the multi-stakeholder model for Internet governance, ensuring that governments, businesses, members of the technical community and civil society are engaged in dialogues about how the Internet is managed. It is crucial that policymakers understand the role the OECD plays as a forum for building consensus around principles in the ICT space, helping to inform policies that both tap the transformational potential of the Internet for economic growth while ensuring that the benefits of that growth are distributed deeply into society.

To that end, USCIB partnered with the OECD and the Business and Industry Advisory Committee to the OECD (BIAC) to host the ICT conference “Promoting Inclusive Growth in the Digital Economy: The Evidence and Practice Base,” to highlight the OECD’s role in framing policy discussions about the future of the Internet. During this day-long conference, sessions focused on why the ICT sector warrants engagement with all stakeholders, how to enable the benefits of digital innovation across all sectors and what the best ways are to promote trade, inclusion and trust in the digital ecosystem.

“Never has a strong business role in this area been more important than now,” said USCIB President and CEO **Peter Robinson** in his opening remarks. “It is important for business executives and government officials to recognize the unique role OECD plays to involve all stakeholders to tap the potential of the Internet.”

Many speakers weighed in on the OECD’s role in shaping the digital economy, including **Andrew Wyckoff**, the director of the OECD Directorate for Science and Technology, **Christopher Painter**, U.S.

Department of State coordinator for cyber issues and **Houlin Zhao**, secretary general of the International Telecommunications Union.

Over 100 representatives from government, business, the technical community and the OECD attended the conference. Keynote addresses included an overview of Mexico's national plan to scale up its ICT infrastructure by **Raul Rendon Montemayor**, director general for innovation, services and domestic commerce at Mexico's Ministry of Economy, as well as a review of U.S. efforts to protect privacy and data security in an increasingly connected world by U.S. Federal Trade Commissioner **Julie Brill**. "Basic consumer protection principles apply to exciting new technologies," Brill concluded. "We need to keep consumers front and center."

The OECD stands at the precipice of a global conversation about connectivity that has brought 3 billion people together. During the conference keynote luncheon discussion, deputy assistant secretary of state **Daniel Sepulveda**, who will serve as vice chair of the OECD 2016 Digital Economy Ministerial in Cancun, Mexico, talked about how to ensure that this new connectivity fosters innovation, lifts people out of poverty, increases the productivity of workers, raises wages, and supports the interconnectivity of supply chains.

Sepulveda reiterated that the multi-stakeholder Internet governance model pioneered by the OECD is necessary because it produces better outcomes. He also warned that there is no guarantee that the Internet will evolve in a way that will allow all stakeholders to use it safely and equally. To achieve the twin goals of fairness and safety, governments must embrace the OECD's principles on digital inclusion and data privacy so as to maximize the benefits of the digital economy.

Participants agreed that private sector opportunities to invest, good infrastructure and cross-border data flows are essential for leveraging the Internet's transformational power to address economic challenges and raise living standards. The OECD's multi-stakeholder model has much to be admired, and even though key challenges remain – such as how to properly organize the participation of stakeholders to tap their particular expertise – the best defense of the multi-stakeholder governance model lies in the current resilience and dynamism of the Internet.

The conference ended with a warning about the dangers of forced localization requirements as they relate to the flow of information from one country to another.

"Leveraging the benefits of the cloud doesn't mean it has to be in your country," said **Joseph Alhadeff**, vice president of global public policy at Oracle and chair of BIAC's Committee on Digital Economy Policy. "The utility of the technology is worth more than its physical location."

## Conference Summary

### Welcoming Remarks

**Dorothy Dwoskin**, Senior Director of Global Trade Policy and Strategy, Microsoft Corporation, welcomed attendees from USCIB member corporations, U.S. government representatives, OECD and BIAC representatives, press and other individuals to the Conference at Microsoft offices in Washington, DC.

USCIB President and CEO **Peter Robinson** echoed this welcome, noting that a stock-taking conference on the future of the digital economy is important, because today the digital economy *is* the real economy. The Internet is a way of doing business and of living, not just a technological tool. He thanked OECD and BIAC for partnering with USCIB on this timely topic, and explained that the

OECD's role in framing the discussion around ICT policy will be crucial in the run up to the 2016 Ministerial in Cancun.

## Keynote Speakers<sup>1</sup>

**Mr. Raul Rendón Montemayor**, Director General for Innovation, Services and Domestic Commerce, Ministry of Economy, Government of Mexico

*Key Developments in Mexico's ICT Sector, Policies, and Regulations: Setting the Stage for the 2016 OECD Ministerial* [[PowerPoint](#)]

- Mr. Rendon provided an overview of Mexico's ambitious ICT reforms as the country prepares to host the upcoming OECD Ministerial. The Mexican government estimates it will spend \$540 million on reforms designed to foster innovation.
- The telecom reforms are expected to grow Mexico's GDP by 0.5 percent, and the government plans to implement a strategy to increase expenditures on R&D, foster knowledge transfer from academia to industry, encourage STI (science, technology, innovation) and build vocational institutions to stimulate regional development.
- Scaling up Mexico's ICT sector has now become a national priority, since ICT services act as a catalyst for innovation and productivity for the rest of the economy. Rendon noted the government is making an attempt to adopt a whole-of-government approach to ICT, so that "we're not working in silos anymore."
- Today Mexico ranks 61 out of 144 countries on innovation, and is working to improve its standing. Reforms will target specific economic sectors to increase productivity in maturing industries (metals, textiles), increase competitiveness in dynamic industries, and provide necessary resources to bolster emerging sectors (development of human capital with high level skills, and a national initiative to promote the digital market). The country's innovation strategy will include sectoral specialization, ecosystems articulation, governance and financing, and each component of the strategy will be addressed in a systematic way.
- PROSOFT, Mexico's ICT agenda, is designed to foster a strong and global ICT sector that increases overall productivity and innovation capabilities throughout the economy. As the world's 3<sup>rd</sup> largest global exporter of ICT products and services, Mexico trains over 600,000 ICT professionals. "We have the talent pool and the platform to launch this," Rendon said. Mexico's ICT industry has also shown strong positive performance; its market value rose from 4 percent in 2002 to 20 percent in 2014.
- Part of PROSOFT's strategy is to link Mexican ICT to other sectors in the economy. The country is an ICT exporter, but "now we need to put this IT into the Mexican economy.
- Rendon concluded with a quote from Mexican President Enrique Peña Nieto: "We are determined to transform Mexico and place it at the cutting edge of technology and knowledge."

**The Honorable Julie Brill**, Commissioner, U.S. Federal Trade Commission

*One Year Later: Privacy and Data Security in a World of Big Data, the Internet of Things, and Global Data Flows* [[speech](#)]

- Brill spoke about privacy and data security in a data-driven economy, and stressed the importance of consumer protection and ensuring that individuals' privacy is secure as stakeholders figure out how to use ICT to increase innovation and let the economy flourish. She explained that consumer notice and choice about how data is used, data minimization, security, and fair practice principles apply to connected devices ("Internet of Things") just as it applied to the Internet of PCs.

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<sup>1</sup> [Speaker Biographies](#), "'Promoting Inclusive Growth in the Digital Economy: The OECD Evidence and Practice Base,'" Washington, D.C., March 10, 2015.

- Since last year's ICT conference, Brill noted that what has changed is the deep dive society has taken in the data-driven economy, and the need for security enforcement regarding the Internet of Things (IoT) and private mobile apps. The FTC has also examined how Big Data can serve as a tool of social inclusion, and has taken action to make sure mobile payment systems follow consumer protection rules. Brill's main message was that basic consumer protection principles apply to new technologies, and consumers must always be a priority.
- Concerning the IoT, Brill recognized that much of the data that is being collected on biometrics, for example, would help address healthcare issues. However, such data would be deeply personal, and it is important to remember that data collection will soon become automatic and unnoticed as connectivity will be a part of the way things work. In the future many of the cues that tell us when we're connected to a network may vanish, "but the need for security protection will not," she noted.
- Data minimization also plays a role. "You can't lose or misuse what you don't have," Brill said. The FTC has long pushed companies to practice data minimization. She urged companies to limit the consumer information they collect, keep what they truly need, and dispose of that information once they no longer need it. She also suggested that companies de-identify the data that is collected.
- Brill also suggested that companies give consumers notice about the data they need as well as control over what they share.
- She said a baseline privacy law should provide strong, specific and enforceable protections for consumers as well as provide clear rules of the road for business. The FTC is looking forward to working with all stakeholders on a privacy bill "to put the consumer back into the consumer privacy bill of rights"
- She stressed the benefit to consumers and businesses for policymakers to ensure that cross-border data flows take place legally, efficiently, and in a manner that protects consumers despite different privacy regimes around the world. The FTC is also serious about enforcing companies' safe harbor commitments.
- She concluded by saying that government and business are working toward the same goal: protecting consumers and promoting innovation in an increasingly interconnected world. All stakeholders have a role to play in this endeavor.
- In response to an audience question about the "right to be forgotten" element of the pending EU privacy regulations, Brill proposed that the term is misleading and might better be thought of as the "Right to Obscurity." The proposal is not as foreign as some commentators in the United States have opined. A "right to obscurity" appears in the Fair Credit Reporting Act, for example, which prevents old information from appearing on someone's credit on credit report. But efforts to enforce an EU-style "right to be forgotten" principle in the United States likely would be complicated by First Amendment issues.

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

This session provided a historical overview of the OECD's involvement in discussions about Internet governance and its pioneering research on digital inclusion and data privacy. Speakers discussed the OECD's role as a forum for sharing experiences and active learning, the valuable research it has provided on cybersecurity, and the need for all stakeholders to work together on the governance of the digital economy.

**Andrew Wyckoff**, Director, OECD Directorate for Science Technology and Innovation

- Wyckoff [[PowerPoint](#)] underscored the importance the OECD gives to interaction and input from the business community both in conducting research as well as engaging with

government policymakers. He gave a brief history of the OECD and outlined the organization's mission:

1. To be an early adopter and shaper of the international dialogue on ICTs and other policies.
  - The OECD has developed several instruments based on principles, which enable a flexible approach to policy development given the dynamic nature of the ICT sector. Such principles cover everything from broadband, to privacy, to consumer protection.
  - These principles, in turn, served as a foundation for the creation a policy framework around ICT .
  - The first ICT-related Ministerial in Ottawa in 1998 focused on e-commerce, but ultimately led to a better understanding of what the Internet is, how to use it, and the importance of light regulation before we understand how to use it.
  - At the next Ministerial in Seoul in 2008, ICT no longer was a unique sector, but had evolved into a platform for the entire economy.
  - In 2011, the OECD developed [the Internet Policy Principles \(IPP\)](#), which underscored the importance of preserving the open nature of the Internet through a multi-stakeholder governance model. Importantly, the IPP served as a basis for consensus on certain elements of the April 2014 NETMundial multistakeholder statement.
  - The 2016 Ministerial, June 21-23, in Cancun, Mexico will focus on maximizing the full trade and economic benefits of the digital economy.
2. Provider of an evidence base.
  - The OECD provides an “essential tool for elevating debate from passionate politics to one based on facts” An OECD report can help to inform an important discussion that would not have happened otherwise.
  - New report on “measuring the digital economy” provides insights on data usage: (1) Mobile wireless broadband penetration has increased dramatically; (2) Devices used to access the Internet have also spiked; and (3) The prices of mobile data devices are increasing.
3. Forum for sharing experience and active learning.
  - The OECD review of Mexico's telecommunication policy and regulation helped to influence reforms in that country.
  - AT&T CEO said these reforms were instrumental in the company's investment decisions in Mexico.

**Houlin Zhao**, Secretary-General, International Telecommunications Union (ITU)

- [Overview](#) -- Zhao discussed the importance of including small- and medium-sized businesses in the digital economy (SMEs), the need for broad cooperation between government and business on ICT issues, and the urgent need for continued and sustained investment in ICT infrastructure for the developing world.
- [Include SMEs in the Digital Economy](#) -- Zhao pointed out that inclusive growth is of great importance to the ITU, and SMEs tend to be the engines of innovation in most countries. Across the developing world, there are many talented young professionals who know their technologies and markets very well, and they are dedicated to making contributions to their national economies. However, these professionals lack opportunities for international networking, and Zhao said that this is an area where ITU and the private sector can work together to add value, allowing SMEs to develop more strongly and rapidly.
- [Encourage Broad Cooperation Between All Stakeholders](#) -- Zhao said he is seeking to make ITU more transparent, and is looking for more opportunities to partner with governments, businesses, academia and NGOs. Since the ICT landscape has changed dramatically over the last decade, all stakeholders must work together to improve the global cyber environment.

ITU's mission is to be more transparent and efficient, working more closely with all stakeholders and especially strengthening cooperation with industry, because the future success of ITU relies on business's support.

- ICT Needs Continued Investment and Support from the International Community -- Zhao concluded by pointing out that of the United Nations' 17 Sustainable Development Goals, only two of them mention ICT. Cyber issues deserve more attention from the global community, because the Internet and other technologies are still not guaranteed in developing countries, and the world needs to be aware of that. He implored participants not to take ICT infrastructure for granted.

**Christopher Painter**, U.S. Department of State Coordinator for Cyber Issues [[remarks](#)]

- Painter talked about the OECD's efforts to revise the 2002 Security Guidelines to address challenges in the current global digital ecosystem.
- Painter noted that the revised Security Guidelines – which likely will be approved at the June 22-26 meetings of the OECD Committee on Digital Economy Policy (CDEP) -- track nicely with what the United States government seeks to do in the areas of digital security risk management and freedom of expression.
- He commended the OECD for approach security related issues using a multistakeholder model, because “we know it is not just government alone [that ensures a safe, secure, and resilient digital economy.]”
- He noted positive movement on the IANA transition and ICANN accountability, continuing improvements on the IGF, and a promising outlook for a conclusion of the World Summit on the Information Society (WSIS) review, all of which he hoped would contribute to the open and interoperable nature of the Internet. He encouraged the OECD to keep contributing to the literature on cyber issues.

## **Session One: The OECD: Pioneering Effective Stakeholder Consultation and Participation**

The OECD's multi-stakeholder model, which involves the participation of governments, business, civil society, the technical community and labor – has become a model for Internet governance. This session explored how the OECD was a path-breaker in its early recognition that a multi-stakeholder approach is necessary to fuel the Internet's innovative potential. Participants discussed the benefits and challenges of the multi-stakeholder model, when/how to apply the model, and what the opportunities are to truly leverage each stakeholder's unique expertise.

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

Speakers:     **Anne Carblanc**, Head of the OECD Division on Digital Economy Policy of the Directorate for Science, Technology and Innovation  
                  **Joseph Alhadeff**, Chairman, BIAC CDEP, Vice President for Global Public Policy and Chief Privacy Strategist, Oracle  
                  **Marc Rotenberg**, President and Executive Director, Electronic Privacy Information Center (EPIC)  
                  **Kathryn Brown**, President and CEO, Internet Society (ISOC)

**Anne Carblanc**, Head of the OECD Division on Digital Economy Policy (CDEP) of the Directorate for Science, Technology and Innovation

- Carblanc gave the OECD's perspective on Internet governance and explained that stakeholder dialogue has existed within the organization for many years at all levels. In 1962, the OECD agreed to establish BIAC and the Trade Union Advisory Committee (TUAC) to provide a recognized status to these sectors for stakeholder dialogue on ICT and other issues

across the OECD. As the global economy evolved and it became clear that discussions about Internet governance benefitted from input from the technical community and civil society, the CDEP created the Internet Technical Advisory Committee (ITAC) and the Civil Society Information Society Advisory Council (CSISAC) to give status to those sectors as well. Stakeholder dialogue is not only the reality – it is institutionalized in the OECD.

- In terms of process, Carblanc noted that the OECD has established a number of principles that stakeholders need to observe to take part in the dialogue. “One is that they represent a broad-enough view of their constituencies,” she explained, because the advisory councils need to reflect consensus views at an international level.
- Stakeholders must also play by the OECD’s rules. The rules are clear about the role of stakeholders and how they should behave. They are invited to participate and share their expertise and experience, they are expected to contribute to policy development, and their voice is heard along with governments. “We systematically invite all stakeholders for all meetings to provide input into sessions,” she said. “They are part of all drafting sessions that take place.”
- Some stakeholder groups are in some cases even more active than OECD members. On an as-needed basis, the OECD adds specific constituencies to its work.

**Joseph Alhadeff**, Chairman, BIAC CDEP, Vice President for Global Public Policy and Chief Privacy Strategist, Oracle

- “The OECD was multi-stakeholder before multi-stakeholder was cool,” Alhadeff joked. “We don’t just get together to feel better about ourselves. We are multi-stakeholder in fact, not just in name.”
- He discussed BIAC’s role in the OECD’s work on the digital economy, explaining that BIAC is made up of national committees for every OECD member economy. Business’s formal status in the OECD has existed since 1962. Importantly, BIAC is cross-sectoral within the broader ICT industry.
- Self-Organizing Principle -- Alhadeff then explained how the OECD moves from consultation to consensus. At the OECD, members and stakeholders first have domestic multi-stakeholder consultations before providing input to the OECD. Communities are asked to self-organize. The representative footprint across BIAC and all other groups is very large, and representation at the OECD covers the breadth and scope needed to tackle international regulatory issues. The OECD also reaches out to specific stakeholders based on expertise in an open process.
- Additionally, stakeholder groups talk amongst themselves and develop common points of view and discuss disagreements in a productive way. So the OECD’s model encourages consensus-building dialogue between stakeholder groups as well as within each of the stakeholder groups.

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

- Rotenberg gave civil society’s perspective on the OECD’s multi-stakeholder model. In general, civil society is wary of international organizations because of the potential risk that they co-opt democratically elected governments’ decision-making power.
- Rotenberg commended the OECD for giving civil society representative status through CSISAC, and noted that the OECD is source of valuable evidence-based research. The organization’s comparative country data allows decision-makers to be better informed and more active participants in the policy arena.
- The success of the OECD’s multi-stakeholder process, according to Rotenberg, is that the OECD has not displaced democratic participation. “It’s not multi-stakeholder-ism for its own sake,” he said. The OECD has avoided a situation where stakeholders have a lot of discussion

without outcomes. The OECD's model allows for purposeful consultations that lead to better policy outcomes

- CSISAC experts are committed not only to their own mission, but to the mission of the OECD as a whole. The OECD welcomed civil society and created an atmosphere by which people felt their participation would be meaningful.
- Regarding governance of the Internet and other international regulatory issues, Rotenberg said the choice is between democracy and Davos. "Are you going to get people involved, or are you going to invite everyone to go skiing in Switzerland?"
- He concluded by saying that at the OECD, stakeholders trust each other. In the areas where business and civil society find agreement, "there's no reason to disagree." The OECD has managed to avoid problems in other international forums where civil society is distrustful of business.

#### **Kathryn Brown, President and CEO, Internet Society (ISOC)**

- Brown presented the technical community's perspective on the OECD's Internet governance model. The technical community believes that at its core, Internet governance should maintain a bottom-up principle. Those stakeholders that are relevant to Internet governance discussions should be at the table in a decentralized way to make decisions that support the innovation of the Internet. This does not mean that government doesn't have an important regulatory role to play, but the Internet is a privately-sourced and invested tool.
- Brown emphasized that the Internet Society is made up of 108 chapters across the world with members that live in countries with differing levels of democratic participation, but who nonetheless yearn to use the Internet. A decentralized community of online forums is necessary to broadly represent such a widely dispersed group.
- At the OECD, Brown said she was grateful that the process for providing input was designed so that consultations lead to consensus. "People feel that their participation is worth it."
- She concluded by cautioning against the notion that governments should always be the conveners about governance discussions – especially governments that aren't democratic. Regarding the Internet, there are many conveners. When a government does serve as the convener, it must ensure that the process is inclusive – and the OECD's model remains the best.

#### **Luncheon Keynote Speaker**

**The Honorable Daniel Sepulveda**, Deputy Assistant Secretary of State and U.S. Coordinator for International Communications and Information Policy, and Vice Chair of the OECD Committee on Digital Economy Policy (CDEP) Ministerial 2016

Ambassador Sepulveda's [speech](#) may be accessed here. Highlights include:

- The Internet has connected over 3 billion people and dramatically changed society and the global economy over the past two decades. For this reason, it remains even more important to ensure that this new connectivity fosters innovation, lifts people out of poverty, increases the productivity of workers, raises wages, and supports the interconnectivity of supply chains, according to Ambassador Sepulveda.
- "We believe that the OECD plays a critical role as one of the organizations in the constellation of multi-stakeholder and multilateral forums that deal either directly or indirectly with the global Internet and the networks on which it runs. And we need all of them to work if we are to meet our goals. The OECD's evidence-based research across a number of Committees and related working parties work with and inform the multi-



stakeholder community and policymakers on a wide range of topics related to the digital economy,” Sepulveda said.

- Echoing remarks made by FTC Commissioner Brill, Sepulveda noted that improving consumer trust is important to fostering economic growth. With recent developments in e-commerce, the OECD is working on revising guidelines on consumer protection. “We should focus on outcomes that any given proposal achieves relative to the consumer protection challenge before it rather than wed ourselves to any single formulaic process or ideology. The OECD can help create a space where various methodologies and their historical and changing application can receive their due consideration and from which policymakers can draw their own conclusions,” he added.
- The OECD is also a leader in improving privacy enforcement. Sepulveda noted that use of Big Data and analytics can exponentially improve our economic capacity. But the digital economy has not been with us for a long time, and there is no guarantee that it will evolve in a way that allows everyone to participate safely and equally. “We all feel compelled to contribute to the continued growth of the digital economy while serving the global public interest. Together we can achieve both ends. To do so, we need to embrace the work of the OECD and enhance its capacity and ability to bring together leaders from various communities with various perspectives in a way and place that allows for rigorous analysis, fair debate, and collaborative cooperation,” he urged.

#### Questions and Commentary:

*Question: Is Latin America or Africa more important?*

- Sepulveda acknowledged that he has “a personal affinity for Latin America, but Africa holds an immense amount of potential.” The future of the Internet and ICTs more broadly lies with the developing world. For example, mobile banking is a new way to do something Westerners have always done. But in Africa, it is a new way to do a *new thing*, and it has had transformational effects on culture and economics (including empowering women).
- The OECD’s mission is to connect the world. “We’re still billions of people away from that goal, but the glass is more than half full,” he said. “The degree to which we’ve moved toward that goal is huge.” There has been a proliferation of national commitments and plans to think about the digital economy as an enabler of everything, not just as a sector of the economy.

*Question: Can the OECD do better outreach to developing countries?*

- Yes, but at the end of the day, the OECD is an organization of advanced free-market democracies. It is not meant to be another United Nations. Its focus needs to be on the rigor of its research output. The OECD tries to try to be as inclusive as it can, but for the purposes of the evidence-based research, the ideas have to stand on their own merits.

*Question: What are your goals for Cuba?*

- Cuba is an incredible and interesting opportunity. There are 11 million people on the island, but only 5 percent have Internet access, and the island’s infrastructure is obsolete. U.S. companies will be able to sell their products in Cuba, but we need to gauge Cubans’ demand. There are still unanswered questions: What will roaming rates be? How much foreign direct investment will be allowed, if any? If not, what are the other mechanisms to reach Cubans? Once Cubans are connected, what degree of freedom will they have?

*Question: Given that the United Nations WSIS review process is not a multi-stakeholder forum, what can be done to bring stakeholders into the UN process?*

- United States has an interest in ensuring that actions made at the international level allow democratic forces to challenge entrenched power. It is important to remember that the WSIS Review process is in fact a review – how much progress has the world made in achieving the aspirational goals set by WSIS in 2005? The world should work towards completing those goals before creating new ones. Importantly, there will be multi-stakeholder gatherings throughout this year to shape the topics governments will address at the WSIS High-Level Review event in December 2015.
- Sepulveda emphasized the U.S. view that a multi-stakeholder process produces better outcomes with respect to governance of the Internet. The investment at stake is largely private, as is the expertise. Thus, development of sound ICT policies is best conducted in collaboration with the private sector. The process might take longer, but it produces better outcomes.

*Question: Is the multi-stakeholder model not democratic enough?*

- The legitimacy is drawn from its output. Whatever system one is judging, you need to ask if it is functioning in the global public interest -- and you compare that to the alternative, not to perfection. "The greatest defense of the existing governance system is the success of the Internet," Sepulveda said.
- The degree to which the Internet disproportionately benefits the United States and Europe is significant, but the Internet's structure is flat and barriers to entry are low. Any country can benefit from tapping the potential of the Internet across sectors. Countries that believe everyone needs their own Google do not understand that ICTs and the Internet serve as platforms for innovation, not ends in and of themselves.

*Question: What will be achieved at the 2016 OECD Ministerial?*

- Sepulveda expressed hope that the conversation will move beyond a narrow focus on the World Wide Web towards a greater understanding of what Internet and ICT-based communications enable with respect to supply chains, productivity and wage increases. Governments must recognize ICTs as a means to an end, he proposed.

## **Session Two: Enabling the Benefits of Digital Innovation Across All Sectors**

ICT advancements hold extraordinary potential to address economic and social challenges across sectors. Every company is an ICT company now. This session examined how companies in the healthcare, pharmaceutical, and telecoms industries are leveraging ICTs to become new players in the digital economy. Participants discussed case studies in healthcare and telecoms, and emphasized the need for a whole-of-government approach to ICT development and innovation.

**Moderator:** **Joseph Alhadeff**, Chairman, BIAC CDEP, Vice President for Global Public Policy and Chief Privacy Strategist, Oracle– confirmed

**Speakers:** **Jørgen Abild Andersen**, Chair, OECD Committee on Digital Economy Policy (CDEP); Director-General Telecom, Danish Business Authority, Ministry of Business and Growth of Denmark (retired)  
**Richard A. Johnson**, CEO, Global Helix LLC, Chair, BIAC Technology Committee  
**Hilary Wandall**, Associate Vice President, Compliance and Chief Privacy Officer, Merck  
**Jacquelynn Ruff**, Vice President, International Public Policy and Regulatory Affairs, Verizon Communications

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

- Andersen explained that support for the digital economy and its ecosystem is crucial for addressing governments' most prominent challenges. These include lagging innovation, slow growth, and high unemployment. ICTs are responsible for half of Europe's growth in productivity and a quarter of its growth in GDP. ICTs are therefore at the heart of the global economy. It is clear that enabling their benefits is extremely important.
- Although heads of state recognize the importance of the digital economy as a tool to address these challenges, it is not clear that national ICT policies have been implemented. Many countries consider ICT to be important, but they lack sufficient focus on the demand side.
- The OECD is committed to bolstering the digital economy, which not only involves traditional telecoms and broadband, but includes a number of other elements in the digital ecosystem:
  - Infrastructure ("pipes" and fiber optic cables) – There must have sufficient hard broadband in place.
  - Content – There must have something to flow through these pipes, such as apps and services.
  - Security and privacy – If users do not trust using the Internet, it is not possible to realize the Internet's full developmental and innovative potential. Thus, security and privacy mechanisms must be in place.
  - Skills and literacy – If consumers do not know how to use a computer or access the Internet, but benefits of the ICTs and the Internet cannot be fully realized.
- Andersen noted we must have a whole-of-government approach to address these challenges. And all of them work together. "If you squeeze one element, you hurt the others."
- Anderson then cited some of the following findings from the OECD's upcoming report on data-driven innovation:
  - The global market for Big Data technology and services increased from \$3 billion in 2010 to \$17 billion in 2015.
  - Businesses that embrace Big Data will experience a boost in productivity by about 5 – 10 percent per year.
  - The highest impact of Big Data can be seen in public administration, research, and health.
  - Legitimate privacy concerns may be a barrier to data-driven innovation.
  - Data specialists account for less than 0.5 percent of employment in OECD countries.
- Anderson emphasized that the 2016 OECD Ministerial in Cancun will seek to foster a whole-of-government approach to ICT policy, including social inclusion, building connectivity, building trust, and bolstering jobs and skills in the digital economy.

**Richard A. Johnson**, CEO, Global Helix LLC, Chair, BIAC Technology Committee

- Johnson presented a case study about Alzheimer's disease from three perspectives: (1) How the OECD has emerged as a global hub for addressing health challenges; (2) How BIAC and USCIB have been instrumental in helping to shape OECD position and raise visibility of these issues; and (3) Understanding the importance that the digital economy cuts across all sectors.
- He began with sobering statistics: 44 million people have dementia, and that number will double by 2015. It already costs 1 percent of global GDP to deal with the effects of these illnesses, and they place enormous economic and social stresses on countries. When you add up all the consequences of dementia, it is a core business issue that affects all companies.

- Johnson explained that BIAAC decided that addressing this issue should be a business-led, but not business-only endeavor. The committee reached out to leading researchers on Alzheimer's and strove to do a lot more at a faster pace in the OECD.
  - Since then there has been a blossoming of support on the healthcare applications of the digital economy and Big Data. The OECD's report on the importance of digital economy, for example, has reshaped the global agenda and had an enormous impact on how stakeholders look at mental illness. There's "key value in the OECD's ability to be a convener, catalyst and convergence point," he said.
- Cross-Border Data Flows -- Because Big Data is so critical to dealing with Alzheimer's, Johnson said that cross-border data flows are absolutely essential. The data must transcend traditional economies and boundaries in order to address a healthcare problem of extraordinary magnitude. He asked participants to consider: how do we fund, finance and de-risk healthcare research enterprises that involve the transfer of Big Data?
- Johnson concluded by warning that there is a data skills gap at multiple levels in the life sciences and biomedicine. Very few professionals in these fields have a quantitative data background. Universities must include courses on how to apply digital economy technologies in the healthcare space.

**Hilary Wandall**, Associate Vice President, Compliance and Chief Privacy Officer, Merck

- Wandall discussed how Big Data can be used to discover new medicines and vaccines, and to increase efficiency in healthcare. But many hospitals are woefully inefficient, she noted, and Big Data can help improve healthcare outcomes.
- Inefficiencies impede healthcare providers' ability to take care of patients, and a lack of adequate healthcare data is most pronounced in developing countries. Many mothers and children in the developing world have no medical records, making treatment all but impossible. "We need to make sure people have access to knowledge and technology so that we can improve health outcomes for people around the world," Wandall said.
- Wandall noted that Merck partners with other institutions to enable the collection and analysis of Big Data to aid in the development of vaccines and better understand problems with patient intolerance of certain medications, among other challenges.
- Related to this, she addressed the risks inherent in sharing personal healthcare data. Patients need to trust that their data is secure. Connecting data about a patient is necessary for breakthroughs in research and treatment, but it is important not to compromise a patient's identity.
- She further noted, however, that a consent-based approach is not plausible when using Big Data and analytics. The challenge is to aggregate data in manner that poses minimal risk to an individual and, thus, would not require consent. Longitudinal analysis, for example, enables to attachment of key codes while stripping away personal identifiers.
- Wandall noted the important contribution of the OECD Privacy Guidelines in terms of establishing accountability measures pertaining to breach notification. It has become even more important for healthcare institutions and provider plans to have such protocols in light of recent episodes of cyber attacks at major health insurance providers. In a subsequent colloquy, it was proposed that the OECD Privacy Guidelines will help to guide discussions about privacy accountability for the coming decade.

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

- Ruff analyzed the expected benefits to be reaped from ICT innovation from the perspective of an infrastructure provider. She noted that in the last 10 years, Verizon has become an entirely digital company, with cloud computing and machine-to-machine (M2M) services becoming increasingly important.

- Mobile data usage and innovation is increasing. Mobile data traffic is expected to grow ten-fold in the next five years. Importantly, 60 percent of small businesses say mobile data are important to them, as this information increases efficiency and product quality.
- Verizon has established Innovation Centers aimed at pushing out the benefits of emerging technologies to address social welfare needs. As an example, Russ described “VGo,” a robot aimed at enabling home-bound students to participate virtually in classroom learning. The robot’s face provides a televised screen of the classroom.
- Ruff cited expected ICT policy trends and outcomes:
  - Knowledge-based capital has been very important in boosting productivity across sectors;
  - Cloud computing has enabled more efficient provision of current services and products as well as serving as a platform for new products and services;
  - Ensuring cross-border data flows remains critically important. The benefits of data services could not exist without cross-border data flows; the growing trend of localization requirements only serves to fragment data flows;
  - Regarding the development of cybersecurity frameworks, Ruff said that governments can do more to provide a safer and more secure digital environment. But she underscored the importance of using the OECD’s Security Guidelines as a reference and starting point rather than developing such frameworks from scratch. Should the latter approach be pursued, governments will rush to rigidity and a reinventing of the wheel that would not be ideal.

### **Promoting Trade, Inclusion, and Trust in the Digital Ecosystem**

The final panel explored the policies necessary to maximize the benefits of ICTs. These include allowing for foreign direct investment, building sufficient infrastructure, and maintaining a seamless cross-border flow of data and information. Consumer trust is essential, and all stakeholders must work together to optimize the benefits of data flows and privacy protection.

**Moderator:**     **Eric Loeb**, Vice President of International External Affairs, AT&T, and Chair, USCIB ICT Policy Committee

**Speakers:**     **Michael Donohue**, Senior Policy Analyst, OECD  
**Matthew Shears**, Representative and Director, Global Internet Policy and Human Rights Project, Center for Democracy & Technology (CDT)  
**Erin Egan**, VP & Chief Privacy Officer, Policy, Facebook  
**Ellen Blackler**, Vice President, Global Public Policy, The Walt Disney Company  
**Lawrence Yanovitch**, President, GSMA Mobile for Development Foundation  
**David Weller**, Head of Global Trade Policy, Google

**Michael Donohue**, Senior Policy Analyst, OECD

- Donohue provided an overview of the [OECD’s work on privacy in the digital ecosystem](#). He explored the link between privacy and trust, and innovation and the need to balance the objectives. If governments can ensure data privacy and trust, they will be able to obtain the data flows needed to unlock economic potential.
- Donohue explained that the OECD’s approach is to frame the discussion on data security around the economic and social benefits that arise from responsible data use. The OECD Privacy Guidelines developed privacy principles to maximize those benefits, while ensuring that such guidelines would not undermine the economic dynamism enabled by global connectivity.

- When the OECD revised the Privacy Guidelines in 2013, it created a new emphasis on a risk-management approach as a means of dealing the growing volumes of data. It also includes a broader focus on practical implementation and accountability (e.g., the aforementioned breach notification requirements).

**Matthew Shears**, Representative and Director, Global Internet Policy and Human Rights Project, Center for Democracy and Technology

- Shears talked about digital privacy and its relationship to human rights in the digital economy. The stability, security, and continuity of the Internet depend upon trust and data protection. In public policy, he noted that privacy has come to the fore in many international forums:
  - WSIS Review process – The WSIS Review process will examine privacy in the digital economy, the role of government, and renewal of the Internet Governance Forum (IGF) mandate, among other issues aimed at bridging the digital divide.
  - IANA transition – Development of an effective new mechanism to manage the IANA unique identifier functions -- replacing the current role played by the National Telecommunications and Information Agency (NTIA) –will be critical to the continued stability and continuity of the Internet. How we address that transition will impact other issues. The manner and outcome of IANA transition may compel other countries to press for an intergovernmental approach to Internet governance.
- Shears also expressed concerns about the way the Internet is being used by certain governments to undermine individual rights. There is a lack of trust in how governments collect data from individuals. He asked participants to consider how to protect personal assets from hackers and illegitimate actors on the Internet. Mass surveillance programs and data localization driven by security considerations, in reality, would make matters work in terms of providing greater security. These initiatives also are having a significant negative impact on trade.
- “We must know what’s being done with our data,” Shears concluded. As an extension of ourselves, our data must be secure. Transparency is necessary in order to gain users’ trust, according to Shears.

**Erin Egan**, VP & Chief Privacy Officer, Policy, Facebook

- Egan observed that individuals have much more control over their data than they did three decades ago, when most of their data existed in “data banks.” She explained that Facebook has developed a data control model -- “digital identification management” -- that has prompted discussions about the role of technology in enabling people to both control and access their personal information. On trust issues, Egan noted that companies are transparent about reporting how often governments request personal data. This transparency may encourage governments to make fewer requests.
- Interoperability of data privacy regimes has become increasingly important given the global breadth of corporate operations. Egan proposed that OECD is best situated to explore regulatory interoperability.
- Egan also emphasized the importance of consumer education and developing consumer-friendly tools to inform users about privacy protections and build trust in the operation of a particular platform as well as the digital economy more generally. “It is important to provide such information in way that is understandable to the average user,” she said.

**Ellen Blackler**, Vice President, Global Public Policy, The Walt Disney Company

- Blackler gave a presentation on consumer trust with respect to e-commerce, and noted that even though e-commerce is new, much has remained the same regarding consumer

protection. The rules are there -- policymakers do not need to reinvent them -- they just need to be able to apply the rules in a digital context.

- In order to advance trust from the business side, Blackler said the OECD should undertake the follow:
  - Promote a harmonized set of principles to which national laws can be adapted; and
  - Review e-commerce and e-privacy guidelines and pay special attention to Intellectual Property Rights protections and fraud protections.
- One issue that must be addressed is the “who” question of e-commerce. When purchasing goods online, consumers often still do not know who the seller is or if the seller is accountable. This needs to be addressed, and law enforcement has an important role to play. In particular, efforts should be made to expand law enforcement cooperation across borders.
- “We can’t lose sight of the need to put law enforcement front and center,” she said. “Much of what undermines consumers’ experiences online is straight-up crime.”

**Lawrence Yanovitch**, President, GSMA Mobile for Development Foundation

- Yanovitch provided a development perspective, focusing on how mobile telephony and ICTs may be employed to expand inclusion in the digital economy. He noted that the biggest growth in global connections in coming years will occur in developing countries.
- He stressed the importance of digital identity. Citizens in low income countries have no way of identifying themselves, and it is difficult for them to obtain bank loans, for example, without a birth certificate or passport. Up to 40 percent of births in the developing world go unregistered.
- Yanovitch proposed that technology can help address this problem. Many people in developing countries use mobile phones. Thus, there is the potential to use a mobile SIM card as a unique identifier for unregistered individuals. He urged policymakers to actively consider how to leverage ICTs to identify and connect citizens in the developing world.
- Yanovitch described “connection confusion” He explained that many users in developing countries have more than one SIM card, which skews the data concerning the growth of mobile telephony. He also noted traditional barriers in many developing countries to women owning phones, which limits their participation in the digital economy. All of this underscores the continued importance of pursuing the broadband access agenda.

**David Weller**, Head of Global Trade Policy, Google

- Most policy-makers view trust and privacy as prerequisites for cross-border data flows. Weller asked participants to consider the flip side of that argument: cross-border data flows are essential for trust in the digital economy. Cross-border data flows unlock tremendous economic potential. It is unhelpful to view trust as something to overcome in order to enable that potential, he proposed.
- “The Internet is a distributed platform that is based on decentralization,” Weller said. “It only works in a cross-border data flow environment.” That environment is inconsistent with data localization.
- Weller echoed concerns expressed by other speakers about the danger of governments regulating the Internet without guidance from organizations like the OECD. Governments tend to think data will be safer if they require that data be stored inside their borders. In a digital security context, he noted, that actually is the worst thing governments can do keep their data safe.
- Weller compared local data storage requirements to stashing all your money under your mattress. It is better to keep money in a financial institution that distributes the money in different places. Data sharding is comparable and useful in this respect; the data is broken

up and encrypted, which makes it much harder to hack. However, data sharding cannot be performed if a country has forced localization requirements.

### **Closing comments**

Richard Beard and Joseph Alhadeff summarized the event's most salient takeaways:

- Cross-border data flows and privacy go hand in hand and must be addressed in a manner that optimizes the benefits of both.
- Concerning stakeholder inclusiveness, the OECD has an admirable model, but there are still key issues that need to be addressed, such as how to structure the participation of communities involved in such a way that you take advantage of all of their particular expertise.
- There are informal means by which communities can be brought together before providing input into the OECD.
- The multistakeholder consultative process works best with some sense of finality. That does not mean the result is binding upon all participants. Rather, it is important that a consensus was developed as a result of the process of bringing stakeholders together.
- A whole-of-government approach is necessary to realize the innovative potential of ICTs.
- Governments mistakenly believe that a solution is to force others to build infrastructure in their country. Leveraging the benefits of the cloud doesn't mean it has to be in your country; the utility of technology is worth more than its physical location.