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CCBI - Coordinating Committee of Business Interlocutors

World Summit on the Information Society

CCBI COMMENTS ON REVISED DRAFT DECLARATION OF PRINCIPLES (WSIS\PC-3\DT\1) - REVISION 2B (REV. 2) AND PLAN OF ACTION WSIS/PC-3/DOC/0010 (REV. 1) (ADD. 2)

*Presented by the WSIS Coordinating Committee of Business Interlocutors for
(CCBI)*

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Note from CCBI

We have focused these comments to provide edits and proposed text on a few priority issues in the draft Declaration and Plan of Action. Each comment is accompanied by an explanatory note regarding the business reasons and concerns that are the basis for the input on that particular issue.

We acknowledge that progress has been made on certain issues in these documents, and have outlined a few of the areas where business would not support changes to the existing text. This is not meant to be an exhaustive list but rather highlights a number of key issues and complements CCBI comments at the September PrepCom 3.

We look forward to working within the preparatory process to focus on the promotion of the fundamental building blocks and to ensure a final declaration that all stakeholders can support and a plan of action that all stakeholders can work together to implement.

24 October 2003

Enabling Environment

CCBI edits and proposed text

Declaration [paragraphs 30-42] and Plan of Action [C.6, 14]

We believe that the following issues should be added to both the Declaration and Plan of Action:

- separate reference to the importance of trade liberalization particularly with regard to telecoms, computer and related services, all goods and services necessary for the e-commerce infrastructure, and goods and services that can be delivered via e-commerce
- clear reference to the need for an independent telecoms regulator
- separate reference to technological neutrality with respect to user choice in all policies
- inclusion of reference to policies that foster entrepreneurship and innovation
- clear reference to the need for transparent public policy development processes

Enabling Environment

Explanatory note

The private sector believes that the necessary enabling environment to promote the use of ICTs as a tool for economic and social growth is critical and fundamental to the success of the outcomes of this Summit and the objective of an information society for all.

Thus, a commitment by governments to take actions to ensure that the key components of a legal, policy and regulatory environment that will indeed attract investment in infrastructure and create the conditions for entrepreneurship and innovation is an absolute necessity.

Trade liberalization should be included in the text on the enabling environment because it is a critical component of ensuring growth along with pro-competitive, transparent, non-discriminatory, and predictable policy, legal and regulatory frameworks. Trade liberalization is the best means of ensuring long term access, global economic growth, job creation and consumer choice.

Cross-border flows of trade, investment, technology and managerial skills are vital in enabling all countries---but developing countries in particular --- to integrate themselves into the world economy and share in the benefits. Technological advances have been a key driving force in the history of human progress---however technological breakthroughs do not just happen---and neither do cross-border transfers of technology. They are the product of conditions that are conducive to scientific research, innovation, entrepreneurship and investment. Trade liberalization is one of these conditions.

Reference to the establishment of an independent regulator is important in this section because an independent telecoms regulator is essential to promote competition, ensure consumer choice, engender private sector confidence, and thereby attract needed investment.

Technological neutrality with respect to user choice must be included in every policy, legal and regulatory framework to ensure that users can make the choice that best meets their individual needs. Governments cannot know, case by case, what technology solution is best for every user. Governments should allow the market and open and competitive procurement policies to drive these decisions based on objective criteria such as performance, quality, security and value. Absent an adherence to technologically neutral public policies, governments run the risk of giving

some vendors of ICT capabilities unfair advantages, thereby diminishing competition, discouraging investment, and retarding technological advances. [see further explanation on page 12]

Fostering entrepreneurship and innovation are part of the environment that will allow all countries to promote the information society for themselves. Entrepreneurship and innovation are encouraged by the elimination of administrative burdens, support for risk-taking, mechanisms that encourage creativity and reward entrepreneurs and innovators for the challenges that they take on. Local entrepreneurship and innovation allow the development of local content, local talent, local applications and stimulate the creation of jobs and wealth. Clear reference to fostering entrepreneurship and innovation should be made in the section on 'enabling environment'.

A clear reference to transparent policy development processes is important to ensure that there is active and informed involvement of the private sector, civil society and citizens in policy development at the local, national, regional and international level.

The private sector, as a major owner and operator of infrastructure and a primary source of capital and investment is an important voice in the policy development process. If policies are being developed to promote economic growth then the primary contributors should be consulted. Such transparent policy development processes help create predictability in the legal and regulatory system which in turn drives investment decisions.

Internet Connectivity

CCBI edits and proposed text

Plan of Action C2, 10

j) Governments should foster competitive markets and implement policies that enable the private sector to create and develop regional ICT Backbones and Internet Exchange Points, to optimize connectivity among major information networks and to reduce interconnection costs and broaden network access.

k) Delete

Internet Connectivity

Explanatory note

Currently, Internet service providers (ISPs) exchange data traffic with each other under commercially negotiated terms and conditions, a practice that is well-suited to the open, dynamic and competitive marketplace for Internet interconnectivity. Numerous factors are considered during these negotiations, including an ISP's network capacity, ability to reach to end users / content sites, traffic volume, reciprocal traffic flow, content hosting capabilities and requirements, value of capabilities and resources provided and others.

Some governments are advocating replacing current commercial negotiations among ISPs with a regulated international settlements regime similar to that applied to international telephone services traditionally. That regime is based on fixed, per-minute fees that each international telephone operator charges for terminating international circuit-switched telephone traffic within its country. This system may have seemed rational when the market was monopoly-driven, and focused exclusively on a symmetrical voice service but it has lost any relevance in the traditional telephone sector with the increase of market liberalization and competition worldwide. Furthermore, to now impose such a regulatory regime on the vibrant, competitive Internet would clearly be an unnecessary and highly regressive step back in time and could, in reality, even harm the further development of the Internet to better reach developing countries.

During this period of rapid Internet expansion and global telecommunications liberalization, business believes that cost-efficient arrangements for the exchange of Internet traffic are best resolved in the competitive marketplace, as is now the case, and not by government regulation. Such unnecessary regulation could, in fact, constrain development of Internet technology and slow the expansion of Internet infrastructure and services worldwide.

Business opposes government regulation in this area for the following reasons:

1. The most cost-efficient arrangement for the exchange of Internet traffic will be achieved in a commercially driven marketplace and not through government regulation.
2. The packet-switched Internet is fundamentally different from traditional circuit-switched telecommunications networks, and the old settlements

model does not adapt well to the value based Internet market place to promote infrastructure development and innovation.

3. National economies that are investment-friendly, pro-competitive, and rely on commercial negotiations to establish relationships among ISPs will create greater capacity, lower prices, more consumer choice, and greater innovation in telecommunications and information services and infrastructure.
4. Growth of Internet capacity has been most profound in regions free of specific regulation, where commercial entities in the marketplace decide how Internet traffic is exchanged.
5. Rigid cost-sharing arrangements could inhibit the flexibility and natural evolution of technical and commercial arrangements developed to meet changing customer demand.
6. Imposing a settlements regime on ISPs is likely to retard the development of regional networks needed to spur growth in efficient intra-regional traffic flows. It also could discourage expansion of ISPs into new markets. Conversely, as more regional backbone networks are developed under competitive market conditions and arrangements, ISPs will be able to transport Internet traffic more efficiently and affordably within a particular region.

In summary, business does not support applying a regulated charging regime to the Internet. The prevailing open, competitive Internet marketplace is innovative, robust and is constantly expanding consumer choice. Finally, it is important to note that business does support private sector initiatives to establish regional ICT backbones and Internet Exchange Points. In this regard, governments should limit their role to developing a competitive environment that facilitates growth of the Internet.

Management of the Internet

CCBI edits and proposed text

Draft WSIS Declaration:

6) Enabling environment

39. The Internet has evolved into a global facility available to the public and its governance, including both technical and public policy issues, should constitute a core issue of the Information Society agenda. The international management of the Internet should be multilateral, transparent and democratic, with the full involvement of governments, the private sector, civil society and international organizations. It should work to ensure distribution of resources that addresses user needs globally, facilitate access for all and ensure a stable and secure functioning of the Internet, taking into account multilingualism.

Draft Action Plan

NEW CCBI text

14. *[k) Governments should ensure a policy and legal environment that promotes the deployment of regional root servers by the private sector as necessary and the use of internationalized domain names in a manner that ensures the stability and security of the Internet in order to overcome barriers to access.]*

Other revisions to draft text:

14. *c) In co-operation with the relevant stakeholders, and respecting the sovereignty of States, governments should continue to work to internationalize the management of Internet resources.*

e) Continue international dialogue among all interested parties (governments, private sector, civil society and relevant organizations) in order to reinforce the international and multi-stakeholder management structure.

The policy making processes for both the technical and public policy aspects of Internet governance should be open and transparent, developed through a bottom up policy making process which takes full account of the needs and views of the global Internet community.

CCBI does not support the text in paragraphs 14 f, Alt. F, g or h and recommends deleting them.

Management of the Internet

Explanatory note

The Internet is a collection of networks that are joined together to form a global communication medium. The networks that make-up the Internet have many different properties, technical protocols and naming systems, based on widely accepted standards that allow communication to run relatively seamlessly across the entire network. Internet users demand a unique and predictable result in domain name resolution anytime and from anywhere in the world. As a result, the Internet's infrastructure and operation is a highly collaborative activity. The technical coordination of the Internet includes the development of Internet protocol standards the allocation of IP addresses and the delegation of domain names. The organizations involved in the technical coordination of the Internet depend on constant input and interaction on technical matters from relevant experts in order to keep the Internet and its related technologies developing in a robust and global manner, providing a platform for business-led innovation and communication for users from around the world.

Business has been and continues to be the major owner, developer, administrator and coordinator of the Internet. We recognize that this is an important responsibility and are proud of our ability to ensure that the Internet is a vibrant and reliable medium for commerce and communication. As a result, business supports continued private sector leadership of the technical coordination of the Internet. This position is based upon the necessity to ensure a flexible and deliberative process that can work with and respond to the rapid development and evolution of the Internet in all parts of the world.

Several private sector led¹ organizations have and continue to play a critical role in the technical coordination of the Internet, including technical security and stability. These organizations include the Internet Architecture Board (IAB), the Internet Engineering Steering Group (IESG), the Internet Engineering Task Force (IETF), the World Wide Web Consortium (W3C) and the Internet Corporation for Assigned Names and Numbers (ICANN). These forums involve experts and interested participants from all around the globe.

These organizations play an important role in ensuring that the Internet functions properly. They have demonstrated their ability to respond to an ever-changing environment. The Internet remains a vibrant and reliable means of communication as a result of the coordination of the organizations

¹ In the context of the technical coordination of the Internet, the term private sector led refers broadly to the Internet community including business, technical experts, NGOs, individual Internet users, academics, associations, etc.

The Coordinating Committee of Business Interlocutors (CCBI)

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identified above. Indeed, for many located in New York and Washington, D.C., during and following the terrorist attacks of 11 September 2001, it was the Internet and email that served as the sole and reliable means of communication thereby demonstrating the effectiveness of existing private sector coordination mechanisms.

While business strongly advocates the need for continued private sector leadership of the technical coordination of the Internet, we understand the importance of the advice of governments in the technical coordination of the Internet. All economies depend on business succeeding and thus must be responsive to the policy concerns of their respective citizens, many of whom are users of the Internet. Governments likewise must be current with the Internet's development, and have opportunity for input and contributions when and should matters arise that so require. It is for this very reason that in relation to the technical coordination of the Internet, business supports all governments participating in the relevant advisory bodies of the existing organizations such as the Governmental Advisory Committee of ICANN. Finally, it is important to note that business recognizes the important contribution and role of governments in public policy matters. In this context, the role of the organizations identified above is limited to the technical coordination of the Internet with policy authority limited to those directly related to such coordination.

It is through these fora that governments have opportunities to work with the private sector that has the expertise and innovation to ensure the continued Internet growth and reliable and interoperable communications.

Software Models, Technology Neutrality and Technology Choice

CCBI edits and proposed text

To increase access and to foster diversity of choice, it is important that governments adopt a policy framework that maximizes competition and that allows users of technology to choose the technology that best meets their specific needs based on considerations such as performance, quality, reliability, security and life-cycle cost. Government policies that limit such choice, or that promote one form of technology over another, can deprive users, including governments themselves, of the best solutions, and the full benefits of available technologies, stifling both competition and innovation, and potentially impairing economic development, productivity, and growth.

As such, CCBI proposes the following changes to the Draft Declaration of Principles.

Paragraph 22

The growth of an information society should be encouraged through policy strategies for software applications that foster choice and competition, and that increase access and enhance diversity for software users. Multiple software models exist which enhance technology choice; these include open source, and proprietary software.

Paragraph 31

Governments need to foster a transparent, pro-competitive and technology neutral policy, legal and regulatory framework in order to increase user choice, maintain fair competition, enhance the development of the ICT services, infrastructure and applications, and to maximize economic and social benefits.

Financing mechanism

CCBI edits and proposed text

Plan of Action

C11. International and regional cooperation
CCBI supports the existing text in C11.

D2. Mobilizing resources

Edits to text:

f) Delete

Business is concerned about the creation of additional funding mechanisms. We believe that the focus should be on coordination among existing funding mechanisms and the effective use of existing private sector initiatives

g) Delete

Business does not support the creation of a new specific digital solidarity fund which is tied to supporting the work of one organization such as ITU. If any text regarding a fund remains in the plan of action, business strongly urges that it be clearly stated that any such fund should be voluntary, transparent and accountable.

Financing mechanism

Explanatory note

Business is concerned about the creation of additional funding mechanisms as part of the plan of action for WSIS because we believe that the focus should be on coordination among existing funding mechanisms and the effective use of existing private sector initiatives. The goal is to mobilize capital and resources to fund the actions which are agreed to in this plan of action. Business believes that the primary way in which capital will be mobilized is through the creation of the conditions through the commitments and actions by governments following this Summit to attract private sector investment.

An international fund raises concerns for business because the creation of such a fund will require significant start-up and operational resources. The resources it will take to set up this fund could be put to better use by ensuring the viability of existing financing mechanisms. A new fund would actually minimize capital available because of the significant resources required to initiate a new fund and the associated administration costs while ensuring transparency and accountability.

It is important to note that many companies have programmes to promote digital opportunities. These programmes seize upon the expertise of a given company and have been perfected over time. Resources should be devoted to identifying existing projects that have proven successful instead of re-inventing the wheel and diverting valuable resources.

It is critical to recognize that an international fund will not and cannot serve as a substitute to private sector investment which requires an enabling environment which fosters a pro-competitive policy and responsive and effective regulatory environment.

The commitment and engagement of the private sector is crucial for the sustainable development of infrastructure, content and application. Governments are called upon to reflect this by including private sector representatives in the apex bodies of decision-making at the international, regional and national levels.

Key business issues

CCBI strongly urges that the following issues not be changed in the text of the Declaration and Plan of Action:

Security

Declaration, Section C5 paragraph 27

Please note that we are satisfied with the language in the current version of the Declaration, Section C5 paragraph 27 under the section “Building Confidence, Trust and Security in the use of ICTs”.

Referring to the Action Plan, please request clarification on Section C5 «Building Confidence, Trust and Security» on paragraph 13a) regarding reference to the U.N. to promote co-operation among governments and with all stakeholders at other appropriate fora to develop guidelines relating to security.

Intellectual property rights protection

Draft Declaration of Principles

CCBI supports paragraph 33 and in particular, the sentence “This balance is reflected by protection and flexibilities included in existing Intellectual Property agreements which should be maintained” reflects an appropriate balance.

Spam

Draft Plan of Action

CCBI supports C5. 13 d) as an effective approach to ‘spam’ given that the issue is being addressed in other international and national venues.

Referring to the Declaration, please note that we are satisfied with the language in the current version of the Declaration, Section C5 paragraph 29 on spam «Spam and cyber-security should be dealt with at appropriate national and international levels».

Enabling environment

CCBI fully supports the acknowledgment of the need for a supportive, transparent, pro-competitive and predictable policy, legal and regulatory framework, which promotes investment in the Information Society as articulated in 14.a)

CCBI supports 14.j) and D.1 Priorities and strategies and encourages the development of national ICT strategies as a commitment and outcome of this Summit.

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WHAT IS THE COORDINATING COMMITTEE OF BUSINESS INTERLOCUTORS?

The Coordinating Committee of Business Interlocutors (CCBI) is the voice of business in the Summit.

Principals of the Summit host countries and executive secretariat invited the International Chamber of Commerce (ICC) to create the CCBI as a vehicle through which to mobilize and coordinate the involvement of the worldwide business community in the processes leading to and culminating in the Summit.

The CCBI is made up of - and open to all - representatives of individual business firms, as well as of associations and other organizations that represent business interests.

Among the organizations actively involved in the work of the CCBI, in addition to ICC, are: Asociacion Hispanoamericana de Centros de Investigacion y Empresas de Telecomunicaciones, Brazilian Chamber of Electronic Commerce, the Business Council of the United Nations, Business and Industry Advisory Committee to the OECD; Global Business Dialogue on Electronic Commerce; Global Information Infrastructure Commission; Money Matters Institute; United States Council on International Business; World Economic Forum; World Information Technology and Services Alliance; French Publishers Association; International Publishers Association; and Gobierno Digital.

For further information regarding CCBI, please consult the WSIS website at:

<http://www.itu.int/wsis/index.html>

ICC's website at: http://www.iccwbo.org/home/e_business/wsis.asp

Or contact wsis@iccwbo.org

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