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ETNO Reflection Document on the World Summit on the Information Society (WSIS)

ETNO welcomes the WSIS as we strongly believe in Information Society's key role in today's society, not only as a significant contributor to GDP but also due to its impact on most economic sectors. The United Nations' WSIS provides a key opportunity to reinforce global policy initiatives aimed at promoting its establishment.

Together with a strong commitment of Governments to promote a demand-side information and communication strategy, linked to policies supportive of an undistorted competitive and open market, the Information Society will only develop with policies aiming to attract the necessary investments in infrastructure, applications and services.

Nevertheless, ETNO is concerned that certain proposals might lead to public policies that are inadequate to reach the expected goals. Consequently ETNO wishes to contribute to the debate with both general and specific proposals as reflected in this paper.

Only an enabling, increasingly lighter regulatory framework, together with public policies supportive of a competitive and open market, will contribute to the far-reaching objectives of the Information Society.

1. INTRODUCTION

Governments and the private sector should consider the United Nations initiative to hold a World Summit on the Information Society as an occasion for harmonising efforts to make progress in the development of the Information Society worldwide.

ETNO represents the voice of 39 of Europe's largest and most established telecoms groups in 35 countries.

ETNO is pleased to submit its initial comments to the preparation of the WSIS. The current document is of a general nature and takes the

draft March documents of Principles and Action Plan into consideration, as well as the Communication from the European Commission "Towards a global partnership in the information society".

Aware of the importance of this opportunity, ETNO is eager to contribute to a harmonised outcome of this Summit. The resulting resolutions and policies should be formulated such that they take the views of those players that will be key for its implementation into account.

2. THE INFORMATION SOCIETY

Commissioner Liikanen said: "ICT are an important enabler of innovation and organisational change that enhance productivity". Furthermore, in 2001 an OECD ministerial report, *The New Economy: Beyond the Hype*, concluded that "information and communications technology was an important technology that had the potential to contribute to more rapid growth and productivity gains in OECD economies in the years to come."

Aware of this importance, it is time for both the private and public sector to co-operate in its development, as explained below.

3. ROLE OF THE PUBLIC SECTOR: GOVERNMENTS AND PUBLIC ADMINISTRATIONS AS PROMOTERS OF THE INFORMATION SOCIETY

ETNO considers that the public sector has an important role to play in reaching the overall goal of developing an Information Society for all, by adopting appropriate initiatives and implementing effective policies. The OECD has described the positive role public authorities can play - but also why direct interventions in deployment of infrastructure are highly problematic:

There is a range of other options available to governments other than direct intervention in infrastructure development. For example, policies to aggregate public demand for broadband services may help in providing sufficient incentives to the supply side. Partnerships with the private sector in cost-shared projects may be envisaged especially on the demand side. In areas where it is clearly uneconomic to provide broadband access, initiatives such as encouraging private consortia to stimulate new market entry might be appropriate. In such initiatives, care must be taken by governments not to distort market mechanisms...¹.

¹ OECD DSTI/DOC(2002)15: *Broadband infrastructure deployment: the role of government assistance*, p. 6

Certainly there is no single path towards the Information Society but rather various models of approach based on environment-specific economic, social and cultural factors. ETNO believes that the development of new infrastructures and services should be mainly market driven and favour freely and commercially negotiated arrangements. Against this background, to avoid the risk of distorting competition, the role of the public sector should be more as an enabler/facilitator of investment.

The international management of the Internet should be democratic, multilateral and transparent. It should secure a fair distribution of resources, facilitate access for all and ensure a stable and secure functioning of the Internet. It should respect geographical diversity and ensure representativeness through the participation of all interested States, including public authorities with competence in this field, of civil society and the private sector, with due respect to their legitimate interests

Governments face the task of bridging digital divides and helping the general population to access and use the information processes. Thus, at the World Summit on the Information Society governments should reach firm and specific commitments, based on an appropriate course of action. These will allow the emergence of suitable conditions for the private sector to assume the necessary risks of investment in infrastructure and Information and Communications Technology (ICT), where an appropriate return on investment may be expected. This in turn will foster general progress in the development of the Information Society.

In this respect, ETNO believes that, together with the full implementation of existing commitments, a main objective in the field of market-opening for the New WTO Doha Round should be to obtain broader commitments from existing signatories to the Basic Telecommunications Agreement (BTA), and to attract reasonable offers from as many new signatories as possible including the adoption of the Reference Paper on Basic Telecommunications.

It is therefore essential that governments promote appropriate measures and courses of action such as those set forth in point 5 below.

4. ROLE OF THE PRIVATE SECTOR

The current preparatory process suggests that WSIS is conceived primarily as an activity of countries, leading to a declaration of principles to be adopted by governments and a plan of action to be undertaken by states. However, the full benefits of the Information Society can only be achieved through a close dialogue with all actors concerned. The private sector has already heavily invested in the roll-out of infrastructures and the development of a vast number of

services. In this sense, as explained below, the importance of a close co-operation between the public and the private sector in the development of national e-strategies and Information Society Policies at an early stage is essential and needs to be fully recognised and implemented.

The private and public sector must mutually consider one another as strategic allies in the transition process towards the Information Society, taking recent developments in the sector into account, specially the financial crisis and its impact on business models and the strategies of development adopted by the companies to face the new technological and economic challenges. On various occasions, the same representatives of the public sector have explicitly recognised the key role that the private sector plays in the technological progress of networks and in applications. The initial paragraph of the eEurope 2005 Action Plan is a paradigmatic example of this:

Action is needed to stimulate services and infrastructure to create the dynamic where one side develops from the growth of the other. Both developing services and building infrastructures are mainly tasks for the private sector and eEurope will create a favourable environment for private investment. This means not only developing an investment friendly legal framework but also taking action that stimulates demand and so reduces uncertainty to private investors.²

In this light, models of co-operation between the public and private sectors need to be developed, and areas of mutual support have to be identified that would be beneficial to such a co-operation.

Governments should co-operate with the private sector, when defining national Information Society strategies. Failing this, the desired synergies might not materialise, since it is the private sector that will bear the major part of investments in the process. The European Commission in its communication "Towards the knowledge economy" clearly establishes the need for the above in view of the realisation of its eStrategies.

While Governments have a central role in implementing stimulus policies, the private sector will take up its investment and management responsibilities when appropriate conditions are met for ensuring return on investment.

5. ETNO'S WSIS RECOMMENDATIONS

In view of the above, ETNO wishes to submit the following recommendations and courses of action for consideration by the representatives of the national governments at the WSIS:

² eEurope 2005: an Information society for all (28 May 2002)

- Adopt increasingly lighter regulatory frameworks designed to promote investments in infrastructure and ICT under conditions that may allow a fair return on investment, especially in light of the emergence of broadband and of the convergence of digital communication platforms.
- Respect, in a context of expected evolution towards a level playing field, the commercial freedom of the different players on the market, especially concerning access to infrastructures and services, in compliance with competition rules and principles.
- Adopt policies that promote actions aimed at fostering and stimulating the demand for new services and applications based on new technologies - in a technologically neutral multi-platform environment that meets the needs of users and involves all players concerned, especially the private sector, in stimulating favourable conditions for market growth.
- Increase public sector investment in ICT, as exemplary users and early adopters of the Information Society, incorporating new services and applications to modernise their processes. Governments that transform and digitalise their processes promote thereby access to civil society.
- Facilitate for citizens and companies the use of new technologies in order to promote its use, particularly by ensuring that all public administrations (including local ones) offer an electronic "one-stop" service.
- Adopt specific policies and measures that promote citizens' access to the services of the Information Society, amongst others:
 - a) Facilitate the expansion of broadband, which is essential for the development of the Information Society.
 - b) Create suitable conditions so that the private sector may assume the necessary risks and invest in infrastructures and ICT, in a competitive environment.
 - c) Facilitate the penetration of information technologies in small- and medium-size companies, for the purpose of achieving the "Digital SME".
 - d) Promote the development of new products, services and applications that are based on new technologies, while applying the lightest regulatory touch.
 - e) Promote facilities-based competition.
 - f) Increase connectivity and facilitate the penetration of information technologies in homes ("digital home").
 - g) Facilitate the penetration of information technologies in the health care sector and education (eHealth, eLearning...).
 - h) Promote e-commerce, by harmonising laws in the various countries and by enacting laws governing its security.
 - i) Promote teleworking practices through labour and fiscal policies and by providing incentives for the creation of telecentres.
 - j) Promote general education in the use of information technologies, as a prerequisite for their take-up.

- k) Promote the creation of local content, which in turn encourages the adoption of new technologies by the user.
- Adopt commitments that will involve a close dialogue with all stakeholders in the future conception of e-strategies.
 - Strengthen alliances with the private sector to promote the development of applications and local content that meet the demands and requirements of users at the national and local level.
 - Discourage regulatory models focused on reducing wholesale and retail prices to the point of compromising the long term sustainability of the sector.
 - Provide regulatory and legal certainty for investment particularly in the long term, since this is a critical factor to attract private sector investment.
 - Support interoperability among open platforms and an “adequate balance between IPR and the needs of the users of information”, as mentioned in the WSIS Draft Declaration of principles of UN/ITU – 30 May 2003.
 - Support “freedom of expression, the right to communicate and to access information and knowledge”, as mentioned in the EC Communication “Towards a global partnership in the IS” of 19 May 2003.
 - Adopt the OECD’s orientations as regards the issue of broadband and Universal Service³. Specifically, Governments should avoid introducing measures that expand Universal Service obligations to broadband, as these may introduce serious distortions in a market that is currently in its emerging phase.
 - Realise that Information Society development will be better achieved with a fairer and more equitable distribution of wealth, while, at the same time, the development of the IS will help to achieve a more homogeneous distribution of wealth, which will contribute to bridge the digital divide.

³ See the 2002 OECD’s Paper by the Directorate for Science, Technology and Industry’s Committee for Information, Computer and Communications Policy on “UNIVERSAL SERVICE OBLIGATIONS AND BROADBAND” (page 3):

“The conclusion arrived at is, that at this stage of broadband development and diffusion, there is not a convincing case for broadband access to be covered by universal service type mandates.”