

ICC contribution to the ITU consultation on "Building an enabling environment for access to the Internet"

Speaking on behalf of businesses from all sectors and sizes in every part of the world, the International Chamber of Commerce (ICC) believes that enabling environments are crucial to fully benefit from the social and economic advantages of the Internet. These are created through flexible and light touch public policies that enable emerging and innovative technologies and business models.

Following the decision of the International Telecommunication Union (ITU) Council Working Group on International Internet-related Public Policy Issues (CWG-Internet) on 18 February 2016 to hold an open consultation (online and physical) on "Building an enabling environment for access to the Internet", ICC would like to take this opportunity to share global business perspectives on the topics addressed in the consultation and to recognize the important work taking place on this topic for further reference.

ICC has demonstrated a consistently strong commitment to both voice the perspectives of businesses worldwide and to work cooperatively across all stakeholders to support and advocate for effective and impactful multistakeholder approaches to digital economy and Internet governance issues. In this context, this submission shares the global business view that creating an enabling environment for access to the Internet in close consultation with all stakeholders and through public-private partnerships continues to promote investment in information communication technologies (ICTs) and infrastructure while fostering entrepreneurship and innovation. It also recognises the significant efforts of stakeholders working together across many fora to advance this important goal.

We welcome the opportunity to share this collection of policy guidance business has offered to policymakers across many fora where these issues are discussed.

Introductory comments

Enabling environments are essential for the benefits of the Internet and ICT to continue advancement towards the Sustainable Development Goals (SDG). Business is a critical actor in innovation, technology development and building and developing ICTs and infrastructure deployment for ICTs. This requires that national legal, policy and regulatory frameworks and approaches are in place to promote investment in ICTs and infrastructure, and foster entrepreneurship and innovation. Market barriers and investment barriers result in businesses being unable to risk the capital necessary for implementation and deployment of services.

The key policy issues in creating this enabling environment include:

- transparency;
- rule of law;
- frameworks to ensure competition;
- measures to combat corruption;
- stable legal system;

- basic and ICT education;
- technology neutral laws and regulation;
- a regulatory framework which promotes competition and fosters entrepreneurship;
- telecoms and trade liberalization; and
- promotion of innovation and creativity through intellectual property rights protection¹

Governments have a role to play in securing these necessary policy conditions for the private sector to continue to drive innovation to bring the Internet's promise to more communities, and to help communities that are already online take better advantage of that access.

Liberalization is a key factor in fully realizing ICTs potential as an engine for economic growth, but it is a means, not an end. Governments should regularly consult the relevant stakeholders to decide on their objectives and articulate these at the outset. These objectives may differ from country to country and can include:

- attracting new investment;
- upgrading national infrastructure;
- creating jobs;
- universal service;
- improving services to end-users;
- increasing connectivity; or
- encouraging innovation.

In the early stages of liberalizing, where monopolist telecom markets persist, governments are advised to work with market stakeholders and take an active approach to creating the right environment for investment and competition. Down the road, when a truly competitive market is proven to exist through evidentiary analysis, governments could then roll back sector-specific regulation and replace it with the application of general competition law.² This is more appropriate to maintain market competition, especially as cross-sectoral competition continues to increase with convergence.

In such rapidly changing and innovative markets, it is not always easy to determine which services are similar, competing and substitutable. Careful analysis is required and sweeping generalisations are to be avoided.

It is also critical that policymakers and regulators adopt a policy mindset that appreciates the value and understands the nature and particularities of the entire digital communications, information technology and services ecosystem. That policymaking ecosystem is no longer limited to the operators of physical network infrastructure. Rather, the realm of digital communications and services now includes the traditional network operators as well as everyone involved in the application layers on those networks. Sometimes, these players and their functionalities are closely integrated (or converged) into hybrid combinations of networks, services, and applications.³

To optimize the interests of consumer protection and innovation, existing models of sectoral regulation should be re-evaluated to create an environment that:

supports growth of affordable broadband networks, services and content;

¹ ICC contribution to UN ICT Task Force Global Forum on "Promoting an enabling environment for digital development" (2004)

² ICC contribution to UN ICT Task Force Global Forum on "Promoting an enabling environment for digital development" (2004)

³ Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

- enables innovative commercial practices that increase consumer choice in the range of services available; and
- promotes competition across the whole ecosystem.

Given the speed at which new services, players and industries can appear or disappear, it is vital that regulatory regimes are forward looking, encourage innovation and large-scale private sector investment by all parties and are sufficiently flexible to adjust to rapidly evolving markets and emerging and innovative technology and business models. Regulatory frameworks should be applied consistently across those engaging in similar activity; should have predictable outcomes and should be drafted at a level of granularity that is appropriate and proportionate to the subject matter in question.

Transparency standards through public close consultation with all stakeholders are important to avoid unintended consequences of new policies or regulations and increase legitimacy and adoption.

The ten-year review of the implementation of World Summit on the Information Society (WSIS) outcomes by United Nations General Assembly (UNGA) in December 2015 underlined the success of the multistakeholder model. When governments work together with other stakeholders, significant progress can be made in raising capacity, knowledge, and understanding of the issues. Policy making and outcomes can also be improved in many instances due to the inclusion of business, technical community and civil society in the assessment of policy issues and solutions. This collective and cooperative approach is essential for furthering the progress and ensuring the on-going stability and continuity of an inclusive, people-centred Internet that can foster ICTs for knowledgeable societies and sustainable development.

With reference to the questions included in the consultation, drawing on established policy positions from the ICC Commission on the Digital Economy and the ICC Business Action to Support the Information Society (BASIS) initiative, the below policy considerations outline global business views on those multistakeholder efforts to be sustained to facilitate an enabling environment:

Question 1: Internet connectivity - What are the elements of an enabling environment to promote Internet connectivity?

It is imperative that billions more people be connected to the Internet as quickly as possible. The International Data Corporation predicts 50 billion devices will be connected to the Internet by 2020⁶. Thus, connectivity is imperative to realize the full power of the Internet and ICTs. The requisite increase in connectivity will occur over networks and with technology funded primarily by private industry investments.

 Open markets: Policies that restrict lawful use of the Internet or protectionist regulations such as localization requirements and other non-tariff trade barriers can inhibit the level of investment, innovation, and competition that would spur growth and creativity in local industry, evolve local ecosystems, and result in broader sustainable economic

3

⁴ Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

⁵ Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

Source: http://iot-analytics.com/iot-market-forecasts-overview/

- development. The rule of law, competition policies and frameworks encourage the necessary investment, innovation and growth to achieve the WSIS goals.
- Commercially available solutions that drive innovation: Governments should encourage the use of these. The emphasis on commercially available solutions and market-adopted voluntary standards will allow for faster adoption and increase innovation, bringing the Internet and its benefits to reality sooner. Flexibility is relevant commercially both in order to allow different players to adapt to the changes of the environment, and in terms of the development of new business models that can be adapted to the needs and capabilities of payment for different types of users.
- Spectrum allocation: Availability of spectrum, for both shared and exclusive, licensed and unlicensed use, has a critical role in promoting the accessibility of the Internet. There are considerable economic benefits of taking action now to ensure that sufficient spectrum is available to support the increasing demands following current and expected data traffic trends. There are many important uses of spectrum, including broadcast and mobile broadband as well as for WiFi⁸
 Effective and technologically neutral management of this increasingly scarce resource must be a priority for policymakers.⁹
- **Pro-competitive broadband policy:** One that ensures the right market conditions for infrastructure investment and innovation is essential to the on-going deployment of broadband. This pro-competitive framework must be technology neutral and market-led. Otherwise, the potential for broadband deployment may easily be stifled. 10
- Pro-investment broadband policy: Additionally, investments in high performance and secure broadband networks are needed: reliable, comprehensive and robust communication networks are key to emerging technologies. Therefore governments and regulators should provide for a policy framework based on a light-touch regulatory approach that incentivises investment and enables the development of new business models.¹¹
- Light touch approach progressing to ex-post regulation: Frameworks that enable Internet connectivity should be based on light touch ICT policy and regulations, encouraging competition and enabling the entrance of new players in the ICT ecosystem, while permitting the promotion of innovative business models. A progressive approach to work on potential issues ex-post, and not ex-ante, with the aim of addressing the issues as they arise (which vary significantly depending on the country or region), should be applied.

Providing an enabling environment leads to such beneficial effects as the **deployment of IPv6**, a key element to ensure the stable growth and global connectivity of the Internet in the future. The deployment of IPv6 requires a significant planning and awareness-raising effort by business and governments in the medium term. ICC encourages business and governments to maximize and coordinate their efforts so that all Internet users benefit from the increased efficiency and opportunities IPv6 offers.¹²

⁷ ICC policy primer on the Internet of everything (forthcoming)

⁸ ICC Discussion paper on mobile broadband spectrum (2012)

⁹ ICC policy primer on the Internet of everything (forthcoming)

¹⁰ ICC policy statement on broadband deployment (2002)

¹¹ ICC policy primer on the Internet of everything (forthcoming)

¹² ICC policy statement on deploying the next generation Internet: ICC statement on the introduction of IPv6 (2004)

Question 2: Affordable Internet - What are the elements of an enabling environment to promote an affordable Internet?

• Pro-investment and pro-competitive policies across sectors: Developments in the digital economy have strengthened the interdependent relationships between services and networks. Massive amounts of long-term private sector capital investments in high-speed broadband networks are needed to provide the necessary connectivity to access and use applications and services. Conversely, networks depend on the demand for highly innovative applications and services to drive demand for more and better connectivity. Moreover, providers of applications increasingly offer services traditionally associated with network operators, and vice versa – thus increasing competition and choice for consumers. The ultimate beneficiaries of this virtuous cycle and symbiosis are national economies.¹³

The convergence phenomenon presents huge opportunities for economic productivity and particularly developing countries' participation in the digital economy. As markets develop, their structures are affected by changing technology creating opportunities for new business models, increasing competition, challenging and altering existing and traditional business models. Changes to the affected industries will also challenge the existing regulatory and legislative norms and cause a wide range of stakeholders to re-consider their relationships with the affected sectors. The availability of sufficient infrastructure capacity, innovative products and services is crucial for the development of new technologies. In such an environment, interoperability, affordable pricing and choice should constitute the primary market characteristics¹⁴

Accordingly, there is a compelling economic logic to develop policy frameworks that will promote the private sector investment in such networks and applications, given the economic growth and returns it creates. The low barriers to entry, the low cost of global delivery, and the vibrant competition among application and service providers ensure that everyone with an Internet connection can have access to capabilities previously out of reach for many people and businesses. Where the policy environment enables these capabilities for the applications economy, new business models as well as the investment necessary for broadband connectivity, innovation and entrepreneurial opportunities throughout the digital ecosystem have flourished, driving further economic growth.¹⁵

Sustainable broadband infrastructure: Developing economies continue to face the
question of how to create a sustainable broadband ecosystem that attracts investment and
promotes the use, development and deployment of broadband and related products and
services. The private sector investment in broadband networks, and the Internet access
and applications used by consumers and business around the globe, are immense drivers
of economic opportunity. 16

Strategies proven to promote broadband deployment and, in turn, fuel the growth of the Internet include:

1. open and competitive markets with fair, investment-friendly and comparable regulatory intervention for all actors active in the digital value chain;

Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

¹³ Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

¹⁴ ICC policy statement on digital convergence an economic opportunity (2008)

¹⁶ Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

- 2. a strong reliance on voluntary commercial arrangements;
- 3. policies that promote efficiency through engineering-driven design, such as the creation of IXPs; and
- 4. policies that promote the growth of the products and services delivered over broadband.

The cost of Internet-capable devices and services is impacted by a whole range of factors many of which are outside the direct control of industry. For example, sector-specific taxes, fees and other levies – including the upfront and recurring costs of spectrum – have a significant impact on affordability¹⁷. Research and development on new technologies that lower cost and increase bandwidth, and opening up markets to competition, where feasible, can also help lower cost.

Question 3: Quality of access to the Internet - What are the elements of an enabling environment to promote the quality of access to the Internet?

- Development of locally-relevant content, resources and tools: Content is an important driver of broadband adoption. Increased availability of content that is relevant to local communities will drive adoption and a sustainable broadband ecosystem. Policies that promote the continued creation of locally relevant content should be encouraged, including protections for the freedom of expression, the press, privacy and intellectual property, the development of e-commerce infrastructure, consumer protections, and trusted online payment systems. Such policies should be market-driven and based on voluntary commercial arrangements, avoiding schemes that unduly burden any one sector over another such as mandatory must-carry regimes.
- Capacity building and development of local businesses and innovations: Policies are
 also necessary to continue the support of capacity building initiatives that seek to empower
 individuals and businesses locally to become content producers and develop business
 models that are unique and relevant to national economies. SMEs and individual
 entrepreneurs are the growth engine for sustainable economic development. Such
 capacity building initiatives need to focus on young people as the next generation that can
 strongly impact growth, and should seek to encourage participation of girls and women.
- Improving the digital skills of users: Due to gaps in understanding, unconnected and illiterate populations are not benefitting from the plethora of services and life enhancing content and information that access to the mobile Internet can provide. Governments need to work with the private sector to ensure that citizens are equipped with the ability to safely and effectively make use of the internet.
- Strengthened institutional capacity and North-South cooperation: Capacity-building remains critical to ensuring that institutions throughout the world are better able to collaborate on-line to address developmental issues and share information that can improve the quality of life for all people. In turn, more innovative financing is required to enable such investments. Greater efforts could be made through appropriate regional and global entities such as the Internet Governance Forum (IGF) to sow the seeds for expanded north-south cooperation that would facilitate the transfer of technology and know-how needed to realize the transition to a digital economy. The views of emerging economies are critical. The next billion Internet users will come from less-developed countries and they will play important roles in driving and shaping the further development of the information society and the digital economy.

¹⁷ GSMA: Digital Inclusion and Mobile Sector Taxation (2016)

- **Inclusive information societies**: People with disabilities experience a variety of barriers to fully participate in the information society, including inaccessible web sites, mobile phones, personal computers, tablets, as well as many other digital interfaces in public and private spaces such as electronic kiosks, banking machines, or electronic voting machines. If ICT accessibility requirements are not adequately addressed, people with disabilities and senior citizens with sensorial, physical or cognitive impairments are excluded from mainstream information sources and services, reducing their ability to participate in information societies, and thus minimizing their potential contributions. Such issues affect a population of one billion people worldwide who are living with a disability, two thirds of them with a severe disability and 80% of them in developing nations, a population grossly underestimated until proper statistical methodologies were promoted by the United Nations Group on Disability Statistics. The 775 million adults around the world who lack minimum levels of literacy also need to be accounted for 18
- Freedom of expression and free flow of information: Business supports the freedom of expression and free flow of information in a manner that respects the rights of others and the rule of law. ICC strongly recommends that governments adopt the principle that the offline laws and rules apply online and on the Internet. The freedom of expression to be fully exercised requires the free flow of information, also over the Internet. Limitations to the right to free expression should only be for legitimate public policy objectives, such as protecting the rights of others and the rule of law consistent with international treaties, and should be tailored to meet such objectives, and decisions on Internet governance and policy issues on all levels consistent with international human rights. 19

Question 4: Confidence and security in the use of the Internet -- What are the elements of an enabling environment to build confidence and security in the use of the Internet?

The benefits of the Internet, ICTs and emerging technologies will only be realized if they are adopted by consumers, businesses and governments who trust that their personal data will be treated according to privacy and security laws. Lack of trust in emerging digital technologies and related services can delay or preclude adoption of emerging technologies and likewise diminish economic and social benefits.

Given that security and privacy are central to the commercial viability of the Internet, ICTs and emerging technologies, there is incentive for industry to proactively focus on such issues and industry stakeholders are committed to meaningful voluntary efforts to improve privacy and security and intensify efforts to implement privacy and security 'by design'. Therefore the most productive approach to ensuring robust privacy and security standards is voluntary compliance with broadly accepted industry guidelines.²⁰ Where there are multiple ways possible of being compliant with data protection and privacy regulations, businesses should be able to use the least burdensome but equally efficient method of compliance.

International cooperation between governments and stakeholders is essential to protect consumers and businesses: Governments should adopt policies to build trust by ensuring that users have appropriate control and practical mechanisms with regard to how personal data is used and the companies to which they entrust their data should adopt recognized and applicable

²⁰ ICC policy primer on the Internet of everything (forthcoming)

7

¹⁸ Source: <u>UNESCO</u> statistics on literacy
19 ICC policy statement on the freedom of expression and the free flow of information on the Internet (2012)

best practices to ensure that the data is appropriately secured as technology and services evolve.²¹

All stakeholders must work together to promote effective cyber security practices and policies that protect users' privacy and promote the open, secure, stable, resilient, and globally interoperable Internet. Policymakers and regulators should take note of the significant work taking place on this important topic at relevant consensus-seeking venues including the following non-exhaustive list of those that are private sector-led, those that are intergovernmental (IGOs) and those that are multistakeholder:

- Anti-Phishing Working Group (APWG)
- Asia-Pacific Economic Cooperation (APEC)
- Computer emergency response teams (CERTs)
- Council of Europe
- European Union Agency for Network and Information Security (ENISA)
- Forum of Incident Response and Security Teams (FIRST)
- Global Forum on Cyber Expertise
- GSM Association
- Internet Engineering Task Force (IETF)
- Internet Governance Forum (IGF)
- International Chamber of Commerce
- International Cyber Security Protection Alliance (ICSPA)
- Interpol
- Messaging Malware Mobile Anti-Abuse Working Group (M3AAWG)
- Organisation for Security and Co-operation in Europe (OCSE)
- Organisation for Economic Co-operation and Development (OECD)
- United Nations Office on Drugs and Crime
 - United Nations Commission on Crime Prevention and Criminal Justice
 - Open-ended intergovernmental expert group to conduct a comprehensive study of the problem of cybercrime
- <u>United Nations Group of Governmental Experts on Developments in the Field of</u> Information and Telecommunications in the Context of International Security

· Privacy and security:

Policy frameworks should provide for robust and appropriate data protection that guarantees the privacy of the citizen without hampering innovation, and governments should assure that their policy and regulatory environments are up to date and reflect the best practices regarding the protection of privacy and security. Companies should fully implement their legal obligations to protect privacy and security of data, as applicable across its entire processing lifecycle or locations of processing.²²

Accountability for the appropriate collection, use, and protection of data: Optimal
privacy and security methods for the appropriate collection, use, and protection of the
consumer's data must be developed through industry collaboration. Use cases should be
applied to proactively identify privacy and security risks and to develop robust strategies to
mitigate those risks. It is critical to understand that security and privacy issues vary
according to the application, communications media used, and degree of human

²¹ ICC Trade in the digital economy: A primer on global data flows for policymakers (forthcoming)

Trade in the digital economy: A primer on global data flows for policymakers (forthcoming)

- interaction. Therefore, when applying any privacy and security guidelines, a distinction should be made between strictly consumer applications (e.g., wearable computing, home automation), which may require more stringent risk assessment, and business applications (e.g., energy efficiency, cargo tracking, agricultural monitoring), where the processing of personal data may be minimal or non-existent. As a general approach, proactive industry self-regulation and collaboration are effective measures to mitigate risk, preserve innovation, and enable sufficient flexibility to respond to new and unforeseen threats.²³
- Interoperability and harmonization: Lack of interoperability across the policy and regulatory environment can create needless administrative burdens and compliance inconsistencies across jurisdictions. As privacy is both subjective to the data subject and tied to the cultural and legal context of the jurisdiction, harmonization has been difficult to obtain. Work has been undertaken between the Asia Pacific and Economic Cooperation (APEC) Data Protection Subgroup and the European Union Article 29 Working Party on mapping obligations and solutions across jurisdictions to develop frameworks of policy interoperability between regions. This work is not intended to diminish any jurisdiction's protection but rather to find ways of avoiding duplicative compliance requirements and needless administrative burdens, while assuring adequate levels of protection. In any event, by taking appropriate steps to comply with policy frameworks and regulations related to the security and protection of personal data, companies will maintain and build user trust.24

Question 5: Role of Governments — What is the role of Governments in building an enabling environment?

In order to avoid constraining innovation or creating unintended consequences that limit the socio-economic benefits derived from the flow of information within or across borders, governments should:

- 1. Adopt a regulatory mindset that promotes the value of the entire communications and digital services ecosystem, and considers the public interest. This will foster a positive environment for the investment in and the development and proliferation of robust, capable and compelling digital networks and relevant content, applications, and services.
- 2. Apply competition and consumer protection laws across the entire economy, and favour the use of such broad and technology neutral tools instead of the creation of **new sector-specific regulations.** Wherever possible, reliance on existing general competition and consumer protection laws is preferable to new prescriptive regulations that could stifle investment and innovation.
- 3. Minimize the taxes imposed on telecommunications goods and services to support investment-driven increases in growth and employment. Far from being luxuries, the tools from this sector bring the building blocks of opportunity to the global informationbased economy. Increasingly, public policy is oriented towards connecting the unconnected in order to achieve 100% adoption of advance telecommunications services. Any taxes that have the effect of impeding that goal merit reconsideration.²⁵
- 4. Encourage the open and unfragmented Internet to continue to flourish. The open and global nature of the Internet has enabled an unprecedented boost in terms of competition, consumer choice, innovation and entrepreneurship.

²³ ICC policy primer on the Internet of everything (forthcoming)

Trade in the digital economy: A primer on global data flows for policymakers (forthcoming)

9

²⁵ ICC discussion paper: The adverse effects of discriminatory taxes on telecommunications services (2012)

- 5. Use competition law to evaluate product and geographic market definitions on a continuous basis. In an era of convergence and rapidly evolving technologies and business models, there are strong merits to relying on ex post competition law over prescriptive ex ante regulations.²⁶ In a dynamic and fast-changing digital markets, case-bycase decisions are less likely to restrict growth and innovation than regulation. Where new policies are needed they should be forward-looking and allow for flexibility of regulatory authorities.
- 6. Encourage industry collaboration and participation in open and global standardisation efforts to develop technical best practices and voluntary standards. Industry is in the best position to develop the technological solutions to address global Internet and ICT opportunities and challenges.

ICC urges governments to ensure all citizens and companies can realize the full potential of the Internet as a platform for innovation and economic growth, by adopting policies that facilitate the adoption of new technologies and global movement of data that supports them.²⁷

Close consultation with all stakeholders is important to avoid unintended consequences of new policies or regulations. Such consultation will help strike the right level of protection for consumers while fostering competition, investment and innovation. Given the imperative of business investment in delivering jobs and economic growth, as well as driving innovation and competition, regulators are encouraged to engage meaningfully with business throughout the policy-making process.

²⁶ Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)

27 Trade in the digital economy: A primer on global data flows for policymakers (forthcoming)

About the International Chamber of Commerce (ICC)

The International Chamber of Commerce (ICC) is the world's largest business organization with a network of over 6.5 million members in more than 130 countries. We work to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard setting activities—together with market-leading dispute resolution services. Our members include many of the world's largest companies, SMEs, business associations and local chambers of commerce.

www.iccwbo.org

@iccwbo

The positions in this contribution have been sourced from the policy work of the ICC Commission on the Digital Economy and the related statements made through the ICC Business Action to Support the Information Society (BASIS) initiative:

- ICC policy statement on broadband deployment (2002)
- ICC contribution to UN ICT Task Force Global Forum on "Promoting an enabling environment for digital development" (2004)
- ICC policy statement on deploying the next generation Internet: ICC statement on the introduction of IPv6 (2004)
- ICC policy statement on digital convergence an economic opportunity (2008)
- ICC Discussion paper on mobile broadband spectrum (2012)
- ICC policy statement on the freedom of expression and the free flow of information on the Internet (2012)
- ICC BASIS submission to the UNGA WSIS+10 review (2015)
- Regulatory modernization in the digital economy: Developing an enabling policy environment for innovation, competition, and growth (2016)
- ICC policy primer on the Internet of everything (forthcoming)
- Trade in the digital economy: A primer on global data flows for policymakers (forthcoming)

For more information please visit: iccwbo.org/advocacy-codes-and-rules/areas-of-work/digital-economy/ or iccwbo.org/BASIS