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**PREPARATION OF THE OTTAWA MINISTERIAL CONFERENCE ON
"A BORDERLESS WORLD" (Ottawa, 7-9 October 1998)
PROGRESS REPORT**

The attached document has been circulated to the Council as document C(98)38. It is submitted to the Committee on Consumer Policy for information.

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**PREPARATION OF THE OTTAWA MINISTERIAL CONFERENCE
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PROGRESS REPORT**

1. At its 918th Session, on 12 February 1998, the Council considered a note on the preparation of the Ministerial Conference on “A Borderless World” to be held in Ottawa on 7-9 October 1998 [C(98)1], and invited the Secretary-General to report regularly to the Council on the preparation of the Conference, in particular on the progress of relevant work by the Committees concerned.

2. This note provides information on: the invitations to Ministers of Member countries; the question of the participation of international organisations and non-member countries; and the involvement of the private sector in the preparation process. In addition:

- Annex 1 contains a 2-page general presentation of the Conference which will be used in particular for invitations to non-member countries and the private sector;
- Annex 2 contains a first draft of the annotated agenda of the Conference; and
- Annex 3 presents work in progress on the main subject areas to be dealt with at the Conference.

Arrangements have been made to keep delegations apprised of progress in preparations on a regular basis, and written comments may of course be submitted at any time.

Invitations to Ministers of Member countries

3. On the basis of information submitted by Delegations to the Secretariat, invitations are being addressed by the Canadian Industry Minister, Mr. John Manley, to Ministers of Member countries. In the case of Member countries for which specific ministers have not yet been identified, the invitation from Mr. Manley will be sent via permanent delegations.

Invitations to International Organisations

4. It is proposed to invite a number of international organisations to participate as observers in the Ottawa conference. These are the World Trade Organisation, the International Telecommunication Union, the World Intellectual Property Organisation and the United Nations Commission on International Trade Law.

Possible invitations to non-member countries

5. Early consideration should also be given to the participation of non-member countries in the Ottawa conference as observers. The following countries are observers in the Committee for Information, Computer and Communications Policy: Israel and the Russian Federation. The Slovak Republic is an observer in the ICCP's Working Party on Telecommunication and Information services. Other possibilities include: Argentina; Brazil; Chile; China; Chinese Taipei; Hong Kong, China; India; Malaysia; Singapore; the Slovak Republic; South Africa.

Involvement of the private sector

6. As was the case with the Turku conference, the OECD's Business and Industry Advisory Council (BIAC) will contribute to the preparation of the Ottawa meeting. In addition, the Secretary-General will invite other bodies with extensive international networks and activities in the field to attend and contribute actively to the preparations for Ottawa, as part of a broad involvement of private sector organisations in the conference, including TUAC. Member countries are encouraged to include private sector participants in their delegations to the Conference.

7. In addition, the Canadian authorities and the Secretariat are exploring the potential interest of selected key business leaders in participating in the Conference, in particular as keynote speakers and/or panel members.

Conference inputs and outcomes

8. As noted in Annex 3, work is underway in different OECD subsidiary bodies on a range of inputs to and potential outputs from the Ottawa conference. The pace of progress on these different 'deliverables' will vary; consequently, the agenda for Ottawa will need to remain somewhat flexible and perhaps be adapted slightly to reflect developments in the different fora.

9. In view of the foregoing, the Secretary-General invites the Council to adopt the following draft entry in its Summary Record;

THE COUNCIL

- a) noted document C(98)38;
- b) noted the comments by Members of the Council;
- c) agreed to invite as observers the World Trade Organisation, the International Telecommunication Union, the World Intellectual Property Organisation, and the United Nations Commission on International Trade Law;
- d) noted that in the light of these comments and of the progress of work by the Committees concerned, the Secretary-General would submit at a later stage a revised draft agenda and would keep the Council periodically informed about preparations for the Ottawa conference.

ANNEX 1

THE OECD MINISTERIAL CONFERENCE ON ELECTRONIC COMMERCE

OTTAWA OCTOBER 7-9, 1998

GENERAL PRESENTATION

The Organisation for Economic Co-operation and Development (OECD) and the Government of Canada will hold a ministerial conference on electronic commerce in Ottawa from 7 to 9 October 1998. The Conference will bring together Ministers of OECD Member countries, private sector and labour representatives and industry leaders, as well as the heads of international organisations and representatives of selected non-member countries, to address key issues surrounding the evolution of electronic commerce and to develop together a set of measures to promote electronic commerce on a global basis.

Background

As the enormous potential for electronic commerce becomes increasingly apparent, there is a growing recognition of the need to create the right global framework to ensure its continued growth in a socially responsible manner. Business, consumers and governments need to labour, consumers and other interested parties, to reach common understandings in areas where this would be helpful in creating a certain, secure and predictable environment for electronic commerce. work together to remove barriers and elements of uncertainty that can impede the development of electronic commerce. It is time to examine the scope for governments and industry, in co-operation with labour, consumers and other interested parties, to reach common understanding in areas where this would be helpful in creating a certain, secure and predictable environment for electronic commerce.

At the OECD Ottawa conference, Ministers will articulate a set of measures for action to be taken by participating countries, the OECD and other international organisations, and by the private sector, aimed at resolving a range of outstanding issues and concerns in relation to electronic commerce. Building on the results of a previous OECD Conference held in Turku, Finland on 19-21 November 1997, and on the European Ministerial Conference held in Bonn, Germany in July 1997, the OECD Conference in Ottawa will represent a milestone in the efforts of OECD Members and other participating countries to draw maximum economic and social benefit from the opportunities provided by electronic commerce.

Venue and Conference Arrangements

Canada's Minister of Industry, the Honourable John Manley, will chair the Conference, which will be held in Ottawa at the Ottawa Congress Centre on 7-9 October 1998. Between 500 and 700 participants are expected, representing OECD Member countries, international organisations and representatives of business, labour and user/consumer groups. The two-day meeting will include an exchange between Government and private sector leaders on key policy issues as well as formal deliberations among Ministers of OECD Member countries.

OECD Contribution

Electronic commerce involves a wide spectrum of policy issues including the legal framework, institutional arrangements and technical infrastructure needed to support an international marketplace for electronic products and services. The horizontal scope of these issues requires sustained and effective co-ordination involving both governments and the private sector, hence the need for sustained and effective multilateral co-ordination. The OECD has a contribution to make to this effort in several areas. There is general agreement among countries and industry that governments need to establish a policy framework for electronic commerce in relation to:

- the taxation of electronic commerce;
- the protection of personal information and privacy;
- the rights and obligations of consumers; and
- mechanisms to facilitate the use of electronic signatures for the authentication of documents.

Each of these issues will be the subject of preparatory work within the OECD and its subsidiary bodies and by national governments over the next several months, with the goal of developing specific proposals for consideration by Ministers in Ottawa in October 1998.

In addition, the OECD will address a number of broader analytical issues relating to the socio-economic impacts of electronic commerce within the knowledge-based society. This will include an examination of the role of small and medium-sized enterprises, the longer-term business consequences of intermediation and disintermediation, and the growing importance of network access and skills development.

Private Sector Contribution

A series of business and consumer issues will be addressed by the private sector leading up to, and as part of, the Ottawa Conference. One example of current work is the development of self-regulatory measures, such as filtering technologies and voluntary codes of conduct, to deal with offensive and harmful content on the Internet. Proposed measures and mechanisms to deal with world-wide governance of the Internet are also receiving attention within the private sector.

Contribution of International Organisations

The OECD conference will take into account the ongoing work of other international organisations, such as the WTO, ITU, WIPO and UNCITRAL, which are addressing key issues relating to electronic commerce in areas such as international trade, telecom services, commercial law and intellectual property. The results of their efforts and future work plans will contribute to the broader framework considered by Ministers in Ottawa.

ANNEX 2

OECD MINISTERIAL CONFERENCE ON ELECTRONIC COMMERCE

DRAFT ANNOTATED AGENDA

Wednesday, October 7, 1998

18:00 - 19:30 **Reception at Industry Showcase**

19:30 - 22:00 **Dinner** (*Ministers, private sector, observer countries and international organisations*)

Thursday, October 8, 1998

08:45 - 09:00 Welcome/opening

Plenary 1 Business/government/labour/user international forum

Purpose of the forum is to engage business, users, governments and international organisations in a dialogue on issues that are at the heart of private sector leadership in creating a global market for electronic commerce. Private sector speakers will engage ministers and international organisations in discussions on approaches and solutions developed by the business community to address key issues such as privacy, consumer confidence and protection, standards and interoperability, cultural/value differences, and contractual/legal framework.

09:00 - 11:00 *Panel -- Industry self-regulation for global e-com (part 1): putting standards, codes and voluntary compliance to work. Private sector successes. Consumer involvement. Government's role.*

Panel would be composed of two or three business speakers, each presenting a domestic/international approach to self-regulation with regard to privacy and consumer protection; two-three ministers would provide a response to the approaches presented by private sector and outline next steps for governments to agree/modify private sector proposals; and one international consumer's organisation would provide an user/international perspective.

[] 11:15 - 12:30 *Panel - Industry self-regulation for global e-com (part 2): putting technology to work in dealing with offensive content and security.*

Two-three private sector speakers explain how filtering technologies allow individuals to "regulate" content, and address technological solutions for securing domestic and international use of digital signatures, cross-certification and authentication; Ministers respond; UNCITRAL responds.

12:30 - 14:00 **Lunch** - *Keynote speaker* (setting stage for the definition/expectations of a global action plan).

Plenary 2 Business/government/user/international forum

14:00 - 16:00 *Panel - The International Road Map: Review of the work of international organisations (timelines, work plans, commitments to deliverables for each organisation).*

Panellists: Heads of international organisations including WTO, WIPO, ITU, UNCITRAL

16:30 - 18:30 Parallel Sessions**A. Meetings of Ministers: Review of the OECD Agenda**

Ministers review and approve overall statement (on global action plan) and each specific declaration/protocol for signature at the meeting (taxation, digital signature/authentication/certification, privacy, consumer protection).

B. Business

Review and conclusion of statement on the private sector agenda

19:00 **Reception**

20:00 - 22:00 **Gala Dinner - Keynote Speaker**

Friday, October 9, 1998**Plenary 3 Business/government/labour/user international forum**

09.00 - 12:00 The morning session focuses on the further development of a global action plan for electronic commerce, involving discussion and recognition of the role of the private sector, the timeframe/commitments of other international organisations, the work plan/undertakings of the OECD and the work plan/undertakings of individual member countries.

The discussion will be led by the Chair (Minister Manley), based on the previous day's discussion. The Chair leads the discussion of the role of each key partner -- private sector, OECD, other international organisations, Member countries.

12:00 - 14:00 **Lunch/Working lunch for Ministers** (to prepare for closing plenary)

Plenary 4 "An Action Plan for Global Electronic Commerce"

14:00 - 15:00 Concluding Session - A CEO (for the private sector), a Minister and the OECD Secretary General outline their respective work plans/commitments to creating a secure and dynamic global e-com market.

15:15 - 16:15 **News Conference**

OECD MINISTERIAL CONFERENCE ON ELECTRONIC COMMERCE

OTTAWA, 7-9 OCTOBER 1998

WORK IN PROGRESS

As evidenced by previous activities, in particular the Turku Conference, a wide spectrum of issues and concerns surround the development of electronic commerce. Some of these can be addressed through the ongoing and future work of the OECD; others such as intellectual property protection are being addressed by international bodies like WIPO; and still others are being addressed through private sector initiatives. In order to feature the full range of international activities as well as highlight the importance of OECD initiatives in this context, each of these areas should be reflected in the programme of the Ottawa Conference. Depending on the progress of work by a number of OECD bodies in the months to come, agreement on guiding principles may be reached by Member countries at the Ottawa Conference in some of the key areas for government action, while other issues may require further discussions and preparatory work. The following list of topics for possible agreement and conclusions at the Ottawa conference should thus be viewed as tentative, and will be re-examined at a later stage in the light of actual progress of work and discussions in the different bodies involved.

Taxation

The Committee on Fiscal Affairs (CFA) intends to prepare within the next months a set of framework conditions for the taxation of electronic commerce that could be endorsed by Ministers at the Ottawa Conference. These framework conditions will aim to ensure that taxation does not act as a barrier to the further development of electronic commerce, and, at the same time, that these new forms of doing business do not undermine the tax base. The conditions would include not only general principles, but also guidelines concerning such issues as compliance, tax treaties, transfer pricing, electronic payment systems and consumption taxes. While the preparation of these framework conditions will be a continuing process, involving extensive consultation with business, key events include the meetings of the CFA held on 20 January and 26 June 1998. The goal will be to complete the framework conditions for submission to the Ottawa conference.

Privacy protection

Privacy protection has been recognised as one of the critical elements of consumer trust in the online environment, which is a sine qua non condition for the development of electronic commerce. Based on recent work by the ICCP Committee (see the report "Implementing the OECD Privacy Guidelines in the Electronic Environment: Focus on the Internet" circulated as document DSTI/ICCP/REG(97)6) and in the light of discussion at a workshop on "Privacy Protection in a Global Networked Society", involving governments, business, individual users and data protection authorities which was held on 16-17 February 1998 to discuss trends, issues and policies in this area, the ICCP Committee will consider at its 26-27 March meeting further work on the basis of the proposal made by the chair of the workshop (Michelle D'Auray). This proposal consists of surveying the available instruments in order to assess their practical application in a networked environment and their ability to meet the objectives of the 1980 Privacy

Guidelines. It would serve to identify gaps and barriers to interoperability and search for solutions to provide seamless privacy protection. The Group of Experts on Information Security and Privacy at its 18-19 May 1998 meeting and the ICCP Committee at its 17-18 September 1998 meeting could, on the basis of the first results of this study, consider a supplementary memorandum to the OECD 1980 Privacy Guidelines which would provide guidance or standards for the implementation of the OECD Guidelines on global networks across a range of instruments for possible transmittal to Ministers for endorsement at the Ottawa Conference. This memorandum would take account of current work today including national policies and legislation, and ongoing discussions within the ISO and other international bodies. It would as well take into account discussions with a broad OECD representation of the private sector.

Consumer-related issues

A number of issues affect consumer confidence in the security, safety and reliability of the virtual marketplace. These issues have been discussed within the Committee on Consumer Policy (CCP) and their importance was re-affirmed at the Turku Conference. In response to these concerns, the CCP is seeking to develop guidelines for commercial transactions conducted over open networks such as the Internet. Following the initial drafting by the Committee's Project Team (an ad hoc group comprised of CCP delegates and experts from consumer organisations and the private sector) and subsequent discussions among the CCP delegates, the draft guidelines would be submitted to the CCP for adoption at its meeting on 3-4 September 1998, with a view to their endorsement at the Ottawa Conference.

Secure electronic signatures

Transparency in the legal environment surrounding electronic signatures, transactions and document use, and mechanisms for authentication and certification are two other key elements in building the confidence of consumers. The ICCP Committee Group of Experts on Information Security and Privacy will prepare a report on approaches to authentication and certification in both the public and private sectors. This will be discussed at the meeting of the Group of Experts on Information Security and Privacy, on 18-19 May 1998. The report and other background work will be utilised to clarify the requirements for an international framework for the approval and audit of certification authorities by accredited bodies, for review by the ICCP Committee at its 17-18 September 1998 Session. This would allow the Committee to consider and forward proposals to Ministers for appropriate OECD follow-up work leading toward an international regime in support of cross-border recognition of secure electronic signatures.

Access to and use of information infrastructures

Many potential new applications of electronic commerce, in particular with regard to business-to-consumer commerce and SME use, will depend on universal, affordable access to communications infrastructures, including both wireline and wireless networks. Without affordable two-way access at the individual or group level, citizens will find it increasingly difficult to participate fully in a knowledge based economy. Moreover, the development of a functionally interconnected and interoperable "network of networks", which can serve as a universal public platform for service delivery, and the development among small businesses and consumers of the necessary competence and skills to use this technology effectively, will be key future challenges for the effective development of electronic commerce mass markets. Measures to address these challenges could be discussed further at the Ottawa Conference.

The rapid growth and development of the Internet, its de facto status as the model for any future "network of networks", and its increasing use as a platform for electronic commerce, has emphasised the requirement for appropriate Internet governance frameworks, particularly in areas such as domain name allocation, interconnection and pricing arrangements for IP (Internet Protocol) traffic exchange, and interoperability. A Workshop on Internet Governance will be held in Osaka, Japan on 9-10 June 1998. This meeting will help define roles and responsibilities in Internet evolution as a back-drop to the Ottawa Conference.

Policies which permit the convergence of computing, telecommunications and broadcast technologies will help boost the diffusion of electronic commerce in particular for small businesses and consumers. At its meeting on 23-24 March 1998, the ICCP Working party on Telecommunications and Information Services Policy will consider the issue of access to and use of information infrastructures for electronic commerce and will have a high level Round Table discussion on convergence. The outcome of the meeting on Internet Governance and the ICCP Working Party on Telecommunication and Information Services will further contribute to government and private sector views and policy formulation on infrastructure initiatives for the development of electronic commerce.

Economy/society-wide impacts of electronic commerce

Another aspect of electronic commerce, which was raised at the Turku Conference but has so far not been discussed in depth, is the range of impacts, including on employment, which the development of electronic commerce could have on economies and societies at large in both Member and non-member countries. While any attempt at assessing such impacts will confront significant conceptual and statistical problems, it is envisaged to prepare an exploratory report, which would draw upon a number of current activities under the auspices of the ICCP Committee Working Party on the Information Economy, and possibly of work by other directorates such as DEELSA. This exploratory report could be presented as background for the Ottawa Conference.

Consultation with business and labour organisations, as well as other relevant interest groups, will be an important element in the preparatory work and in ensuring the Conference produces a comprehensive response to the electronic commerce agenda. Thus, a key feature of the programme of the Ottawa Conference should be a dialogue between Ministers and such non-governmental groups.