



PARIS

For Official Use

For Official Use

Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

SG/EC(98)14/REV6

OLIS : 09-Oct-1998
Dist. : 09-Oct-1998

Or. Eng.

**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEERING COMMITTEE FOR THE PREPARATION OF THE OTTAWA MINISTERIAL
CONFERENCE "A BORDERLESS WORLD: REALISING THE POTENTIAL OF GLOBAL
ELECTRONIC COMMERCE"**

**OECD MINISTERIAL CONFERENCE "A BORDERLESS WORLD: REALISING
THE POTENTIAL OF GLOBAL ELECTRONIC COMMERCE"**

CONFERENCE CONCLUSIONS

The attached revised version of the Conference Conclusions has been prepared by the Secretariat on the basis of the results of Parallel Sessions A, B and C of the Conference in Ottawa, 8 October 1998.

7-9 October 1998, Ottawa, Canada

Contact : Dimitri Ypsilanti Fax : (33 1) 45 24 93 32
Email : dimitri.ypsilanti@oecd.org

Or. Eng.

69974

**OECD MINISTERIAL CONFERENCE
“A BORDERLESS WORLD: REALISING THE POTENTIAL
OF GLOBAL ELECTRONIC COMMERCE”**

OTTAWA, 7 - 9 OCTOBER 1998

CONFERENCE CONCLUSIONS

1. On 7-9 October 1998, OECD Ministers, observers from non-OECD countries, heads of international organisations, business leaders, and representatives of labour, consumer, and social interests met in Ottawa to articulate their plans to promote the development of global electronic commerce. This OECD Ministerial Conference, hosted by the Government of Canada and chaired by the Honourable John Manley, Canada's Minister of Industry, represents an important step in ongoing efforts in the evolution toward realising a global electronic commerce agenda.

2. The Ottawa Conference broke new ground for the OECD on a number of fronts. For the first time, at a Ministerial event, OECD countries sought the active participation of international organisations, business, labour, consumer and public interest groups in an open and transparent effort to address important elements of global electronic commerce. Also for the first time at an OECD Ministerial conference, an industry-led showcase demonstrated practical applications aimed at addressing key concerns debated during the Conference.

3. Electronic commerce is by definition global. Whether the action is domestic or regional, private or public sector - all electronic commerce policies and activities will have limited impact unless they facilitate a global approach. In convening the conference in Ottawa, OECD governments recognised the importance of collaboration among governments, and with business, labour and consumers in the development and use of electronic commerce, and the need for co-operative approaches to its application across sectors and national borders. To this end, OECD Ministers, the Business and Industry Advisory Committee to the OECD (BIAC), the Trade Union Advisory Committee to the OECD (TUAC), and other private sector participants concluded that:

- electronic commerce offers a radically new way of conducting commercial transactions, and is potentially a key engine to increase economic growth, and enhance development around the world;
- co-operation amongst all players (governments, consumers, business, labour, and public institutions), as well as social dialogue, must be encouraged in policy making to facilitate the development of global electronic commerce in all countries and international fora, and that their actions should strive to be internationally compatible whenever possible;

- governments should promote a pro-competitive environment to allow electronic commerce to flourish, work to reduce and eliminate unnecessary barriers to trade, and act where necessary to ensure adequate protection of key public interest objectives in the digital world just as they do in the physical world;
- government intervention, when required, should be proportionate, transparent, consistent and predictable, as well as technologically neutral;
- governments should recognise the importance of continued co-operation among business in standards setting, and in enhancing interoperability, within an international, voluntary and consensus-based environment;
- business should continue to play a key role in developing and implementing solutions to a number of the issues essential for the development of electronic commerce, recognising and taking into account fundamental public interests, economic and social goals, and working closely with governments and other players;

4. Following an exchange of views, the Conference participants identified elements toward a shared vision for global electronic commerce. In this context, participants discussed priorities for business, labour and public interests, the recommendations taken by Ministers for future work and priorities for the OECD, and the important work underway in international bodies.

A shared vision for global electronic commerce

5. The Conference participants reaffirmed that the rapid development and spread of global electronic commerce will require a broad, collaborative approach by governments, the private sector, and international organisations to ensure a stable and predictable environment which facilitates its growth and maximises its social and economic potential across all economies and societies. In this regard, participants concurred that addressing issues within the following four themes was important in facilitating global electronic commerce.

1. *Building trust for users and consumers*

6. Users must gain confidence in the digital marketplace. National regulatory frameworks and safeguards that provide such confidence in the physical marketplace must be adjusted, where necessary, to help ensure continued confidence in the digital marketplace. In this context, governments have fundamental responsibilities. At the same time much is expected from and dependent on private sector initiatives. Participants highlighted the important areas where actions to promote the growth and use of electronic commerce were important: creating and implementing trustworthy technologies and policies; developing, where appropriate, underlying regulations; and, developing codes of practices, standards, industry and institutional arrangements, and technology tools, necessary for “self-regulation”, effective user protection and consumer empowerment in different environments.

2. *Establishing ground rules for the digital marketplace*

7. As governments, industry and consumers venture onto this new platform, they are looking to ensure that effective protection is provided in the digital marketplace, and that unnecessary barriers to

electronic commerce are addressed. Legal frameworks should be established only where necessary, should promote a competitive environment and should be clear, consistent and predictable.

3. *Enhancing the information infrastructure for electronic commerce*

8. The growth of electronic commerce relies on universal and affordable access to the information infrastructure. Effective competition in telecommunications markets can ensure a sustained, long-term trend towards lower costs, increased quality and, thus, expanded access to information infrastructures and services. Participants of the Conference recognised the importance of adequately addressing the Year 2000 problem.

4. *Maximising the benefits*

9. The transition to a digital economy is an important part of the broader move towards a global information society. The full economic and social potential of electronic commerce will only be realised through its widespread use by businesses, consumers, and public institutions. Government as a model user of commercial technologies can be an important driver in the creation of an electronic market. The successful modernisation and adaptation of organisations, and the skills and knowledge of citizens is important in stimulating the use of electronic commerce. Its growth also relies on a highly skilled and motivated workforce. It is necessary to have a clear understanding of the social and economic impacts, including the impact on growth, productivity, and employment, and the needs of business, including small and medium enterprises, organisations and consumers in both developing and developed countries.

Implementing the vision

10. Three key documents outlining ongoing and future activities on electronic commerce (documents attached) were tabled at the Conference:

- the *OECD Action Plan for Electronic Commerce* that outlines activities and recommendations for future work;
- the *Report on International and Regional Bodies: Activities and Initiatives in Electronic Commerce* that outlines current and possible work by these organisations;
- the *Global Action Plan for Electronic Commerce prepared by Business with Recommendations to Governments* that outlines current initiatives by business and their views on key issues.

11. Conference participants welcomed these important efforts towards global collaboration and developing more compatible approaches for electronic commerce in the private sector, international and regional organisations, and the OECD.

12. Conference participants reaffirmed the role of governments in creating an environment for global electronic commerce in which the ground rules are appropriate, clear and predictable, and where co-operation among all players is facilitated globally. They noted as well the responsibilities of governments toward meeting the public interest. Conference participants noted the Agreement by Ministers included in paragraphs 13 to 15 below.

The Work of the OECD -- Agreement by OECD Ministers

13. *“OECD Ministers reaffirmed the importance of the work of the OECD in contributing to the global development of electronic commerce, recommended the future work outlined in the “OECD Action Plan for Electronic Commerce”, and urged the Secretary General and the OECD Council to give the Action Plan high priority in the OECD work programme, taking into account the capabilities of its subsidiary bodies and the level of available resources. Ministers attached particular importance to OECD work in addressing issues in the areas of taxation, privacy, consumer protection, authentication, access to infrastructures, and the socio-economic impact of electronic commerce, while noting work in other areas in the OECD Action Plan. Ministers noted the background reports on “The Role of Telecommunication and Information Infrastructures in Advancing Electronic Commerce”, “The Economic and Social Impact of Electronic Commerce: Preliminary Findings and Research Agenda”, and “The Year 2000 Problem: Impacts and Actions”. Ministers also urged the OECD to ensure that its work is carried out, to the extent possible, in co-ordination with other international organisations, business, NGOs, and is distributed as widely as possible to the global community.*

14. *“OECD Ministers affirmed their intention to work together, and in partnership with business and social organisations to build trust in the digital marketplace, clarify rules, enhance infrastructure access by implementing a liberalised and competitive telecommunications marketplace, and maximise benefits for all citizens. To this end they:*

- Adopted a Declaration on Protection of Privacy on Global Networks (annexed) that reaffirms their commitment to effective protection of privacy on global networks, affirms their determination to take necessary steps to this end, and recognises the need to co-operate with industry and business, and, consistent with the terms of the Declaration, agreed that the OECD should provide practical guidance on the implementation of the OECD privacy guidelines based on national experiences and examples.*
- Adopted a Declaration on Consumer Protection in the Context of Electronic Commerce (annexed) that recognises the need for governments, business, consumers and their representatives to continue to work together to ensure that consumers are afforded a transparent and effective level of protection; and urge the OECD to complete its ongoing work to draft effective “Guidelines for Consumer Protection in the Context of Electronic Commerce” within 1999.*
- Adopted a Declaration on Authentication for Electronic Commerce (annexed) that recognises the importance of authentication for electronic commerce and outlines a number of actions to promote the development and use of authentication technologies and mechanisms, including continuing work at the international level, together with business, industry and user representatives.*
- Welcomed the report “Electronic Commerce: Taxation Framework Conditions” which sets out the taxation principles that should apply to electronic commerce and outlines the agreed conditions for a taxation framework, and endorsed the proposals on how to take forward the work contained within it.*

15. *“Ministers recognised the importance of consumer and investor confidence in electronic commerce to ensure its future growth. They noted the intention of business leaders, and the various industry groups to develop self-regulatory frameworks for electronic commerce. Ministers underlined*

that, where self-regulatory mechanisms were used, they should be transparent, non-discriminatory and open to all market players and encouraged business to move rapidly to meet public expectations in those areas”.

Activities and Initiatives of International Organisations

16. Many international organisations and regional bodies are engaged in work which directly and indirectly impacts on the growth of electronic commerce. This work includes technical standards that are voluntary and consensus based, trade liberalisation, technical assistance, policy implementation and monitoring, and review and analysis.

17. The *Report on International and Regional Bodies: Activities and Initiatives in Electronic Commerce*, was based on inputs provided by a wide range of international and regional organisations under their own responsibility, and represents a first-time compilation of the accomplishments, and ongoing and proposed work of these bodies. The Conference welcomed this initiative in inter-organisational co-operation, and greatly appreciated the efforts undertaken to create this comprehensive overview of electronic commerce activities.

18. Conference participants acknowledged the leading role of the private sector in stimulating the growth of global electronic commerce through investment and dynamic innovation of products and services, and the partnership necessary between governments and the private sector in assuring consumer confidence and acceptance. In this context, Conference participants noted the priorities for the business sector included in paragraphs 19 to 24 below.

Priorities for the Business Sector

19. *"A Coalition of international business organisations was co-ordinated by the Business and Industry Advisory Committee to the OECD (BIAC) and included the Global Information Infrastructure Commission (GIIC), International Chamber of Commerce (ICC), International Telecommunications Users Group (INTUG), World Information Technology and Services Alliance (WITSA), in co-operation with the Internet Law and Policy Forum (ILPF). The Coalition, supported by a range of other international, regional or issue-specific business organisations, provided the Conference with "A Global Action Plan for Electronic Commerce prepared by Business with Recommendations for Government". This action plan asserts, inter alia, that:*

- *the development of electronic commerce should be led primarily by the private sector in response to market forces and that governments should recognise and reinforce this role;*
- *business will continue to develop self-regulation and technological innovation to foster the empowerment of users, in accordance with law where applicable;*
- *there are appropriate roles for both government and business;*
- *policies that enable electronic commerce and the convergence of the telecommunications, information technology and multimedia industries should be pursued in an open and competitive environment.*

20. *“Business is enhancing the protection of privacy through self-regulation, voluntary codes, model contract provisions and by providing commercially-available technologies which enable a high level of privacy protection tailored to user needs and preferences. It continues to develop, based on global marketplace experience, fair information practices that are consistent with the 1980 OECD Privacy Guidelines, and is assisting users in developing the necessary skills to protect themselves and to exercise choice in an online environment.*

21. *“Business is enhancing sophisticated tools designed to protect and empower consumers without government over-regulation, and is participating with government and other interested parties in international discussions to develop approaches for consumer protection.*

22. *“With respect to authentication for electronic commerce, business is working to ensure technical interoperability, to promote the legal acceptability of certificates and electronic signatures nationally and internationally and to help develop, with governments within UNCITRAL, appropriate legal frameworks required to assure predictability and certainty.*

23. *“On taxation, business continues to work with OECD to ensure that neutrality is the guiding principle, and that taxes are not imposed in a discriminatory manner.*

24. *“To support these initiatives, business is:*

- developing transparent procedures for the protection of personal information;*
- developing, based on global marketplace experience, guidelines and commercial standards for Internet access providers and Web-site operators; setting up appropriate international self-regulatory enforcement mechanisms for violations of best practice rules for interactive advertising and market research;*
- continuing to develop internationally accepted standards and codes of practice, and central repositories of pertinent information for businesses (e.g., certification practice statements); and*
- working through their governments and with the WTO to promote the scheduling of meaningful commitments for telecommunications liberalisation by all Member states.”*

25. Conference participants acknowledged that a full range of social interests must be included and engaged in efforts to facilitate the growth of global electronic commerce. The participation of representatives of labour, consumer and other non-governmental groups in the Conference recognises the importance of electronic commerce in social, civic and community development. In this context, Conference participants noted the views on social perspectives put forward by trade unions, consumer organisations and non-governmental groups included in paragraphs 26 to 34 below.

Social perspectives

26. *“The Trade Union Advisory Committee (TUAC) and representatives of public interest groups met in a parallel session at the Conference to discuss the social perspectives. The Conference provided an important recognition and appreciation of the role, place and participation of public interest groups in the ongoing international discussion and negotiations with regard to electronic commerce. The TUAC discussion paper “Electronic Commerce Developments and Challenges”, and the letter by public interest*

group representatives to the Ministers of the OECD and other countries attending the Ottawa Ministerial Conference (which is recognised as a Conference document and available from the OECD) set forth their views.

27. *"The representatives of trade unions, consumer organisations and other non-governmental groups participating in the Conference, co-ordinated by the Trade Union Advisory Committee (TUAC), recognised the importance of electronic commerce to social, civic and community development as well as its vital contribution to economic and social change. Therefore they called upon governments and business to include a full range of social interests in efforts to promote the diffusion of electronic commerce.*

28. *"During their session, representatives of trade unions, consumer organisations and other non-governmental groups outlined several areas of current and future work which they considered as critical to achieve the full social and economic potential of electronic commerce.*

29. **"Improving Access, Skills and Digital Literacy** -- *The extent and intensity of use of telecommunications networks is a primary determinant of the deployment of electronic commerce and the ongoing formation of an information society. Therefore, the representatives of trade unions and consumer organisations stressed the need to enhance digital literacy, education and training by efforts of governments and industry. Moreover, they pointed out that affordable access to digital networks is crucial to distributing the advantages of electronic commerce broadly within economy and society and thus avoiding information "haves" and "have nots".*

30. **"Privacy, Trust and Content** -- *In order to ensure broad acceptance of the digital marketplace representatives of trade unions and other social interest groups considered it vitally important that existing concerns in the areas of privacy of consumer and employees, consumer protection (security of payment, reliability of business, getting redress etc.) and the distribution of offensive and harmful content are sufficiently resolved. They expressed their support for efforts to minimise the collection of personal data and to maximise the protection of individual privacy. Furthermore, they called on governments, business and NGO's to work together in strengthening the framework needed for effective protection of consumers and personal privacy, based on frameworks of legal regulation, codes of conduct and supporting technology applications.*

31. **"Social Impact, Costs and Benefits** -- *Electronic commerce will lead to a spatial extension of markets and to a foundation of new businesses. During this process, a number of new and skilled jobs will be created. But at the same time, changes will see the elimination of jobs, too. Therefore, electronic commerce will have a pervasive impact on business, on the economy and on the society. To cope with the social impacts, to avoid or to reduce risks and to ensure a broad distribution of benefits in favour of social equity and the quality of life, the representatives of trade unions and consumer organisations stressed the need to consider the broad interrelation between society and technology.*

32. **"Weaving Electronic Commerce into Organisational Structures** -- *The application of telecommunications networks and information technology at the firm level is a powerful tool for increasing productivity and competitiveness. To capture those gains however, the representatives of the trade unions called for an integrated approach, combining the introduction of new technology and a re-organisation of work as outlined by OECD reports on Technology, Productivity and Jobs. Moreover, they considered the participation of employees in the process of broadening team-work, flattening hierarchies and skill development as a crucial prerequisite to maximise the potential of electronic commerce.*

33. *“Combining Flexibility and Security -- Information technology and telecommunications networks are providing a flexibility of time and place of work that offers new opportunities for business and employees. At the same time, these new options present challenges for the systems of social security and industrial relations, its actors as well as for the legal and policy frameworks in which they operate. To ensure that the costs and benefits of flexibility are fairly distributed, participants of the labour and NGO session recognised the need to update regulatory systems so that they encompass new forms of work and contribute to social cohesion.*

34. *“According to the participating representatives of trade unions and consumer organisations, a truly "global" electronic commerce implies an international framework of co-operation which maximises the opportunity of benefit for all segments of society and avoids the risk of a downward adjustment in social welfare, working conditions and standards of living. In this regard, conference participants representing trade unions and consumer organisations and NGO's welcomed the work done to examine the economic and social effects of electronic commerce and of information technology in general. They consider the need for further work to broaden and to intensify the promotion of investigations of impacts on employment, the workplace, and quality of life a priority.*

35. *“The participants of the conference, representing trade unions, consumer organisations and NGO's see a continuing need for the involvement of public interest groups in the future evolution of electronic commerce. They consider it as a necessary complement to the legislative and policy responsibilities of governments and the role of the business community in generating innovation, investment and employment. They are prepared to work in partnership with governments and business to ensure a socially acceptable transformation towards a digital economy. In their view, the Ottawa conference provides an important step towards a continuing dialogue between non-governmental organisations and social interests, business and government and would seek to repeat and build on this foundation in the future development of the information society.”*

Next steps -- Realising the potential

36. This Conference, building on the OECD Turku Conference and other regional and international conferences, constitutes an important landmark in realising the potential of electronic commerce, in promoting global co-operation, and in setting the stage for the further development of the global the information society. Conference participants recognised the need for all to act collaboratively in the fast changing global environment in the context of the Conference themes: to build trust for users and consumers, establish ground rules for the digital marketplace, enhance the information infrastructure for electronic commerce, and maximise the benefits of global electronic commerce for all.

37. The Ottawa Conference is a milestone in the evolution towards global electronic commerce and identifies potential future work. The Conference furthered the process in creating greater global understanding about electronic commerce which will help promote greater international policy compatibility to allow all economies to maximise the opportunities provided by new digital platforms. The OECD and private sector Action Plans, and the Report on international and regional bodies, indicated how the different players involved intend to contribute to future global co-operation in electronic commerce.

38. Conference participants emphasised the need for sustained and effective co-operation and regular exchanges of information between and among governments, different industry sectors, the private sector, consumer and public interests and international bodies.

39. To this end, conference delegates urged the OECD, in addition to its ongoing work and Action Plan, to:

- Apply its research and statistical expertise to analyse and measure the economic and social impact of global electronic commerce.
- Report regularly to the global community on progress made nationally and internationally in making global electronic commerce a reality by addressing the key policy issues implicit in the Conference themes: “Building Trust for Users and Consumers”; “Establishing Ground Rules for the Digital marketplace”; “Enhancing the Information Infrastructure”; and “Maximising the Benefits”.
- Work with other international organisations, regional bodies, and the private sector, and Non-OECD countries to encourage collaboration and co-ordination within and among as many fora as possible to advance global electronic commerce.