# Report of the OECD Open Forum at IGF 2014:

# The Economics of an Open Internet

## Substantive summary:

The Organisation for Economic Co-operation and Development (OECD) held an Open Forum on the "Economics of an Open Internet" on the 4th September 2014 at the Internet Governance Forum in Istanbul. This year's OECD Open Forum had five panellists including perspectives from policy makers, business, the Internet technical community and civil society and was attended by approximately 70 participants. The objective of this Open Forum was chiefly to exchange ideas on the different analytical frameworks for assessing the economics of the open Internet. This session was also an opportunity to update the IGF on OECD's ongoing work in this area and to engage stakeholders in a discussion which will feed into the OECD Ministerial on the Digital Economy to be held in Mexico City in 2016.

Anne Carblanc, Head of the Digital Economy and Policy Division at the OECD and moderator of the OECD Open Forum, commenced by briefly introducing the mission and structure of the OECD. She highlighted some important achievements since the last IGF in the area of Internet policy and governance, recalled the OECD Internet Policy Making Principles from 2012 and announced the preparations for the 2016 OECD Ministerial.

Andrew Wyckoff, Director for Science, Technology and Innovation at the OECD, touched upon the need to include a broader community, particularly the economic community, in the Internet Governance debate. He stressed that the Internet is affecting every part of the economy and society, therefore making the task of measuring its effects even more challenging. He argued that analysing this issue through the economics perspective meant not only observing business, markets and economic activities to capture indicators such as GDP and productivity gains, but also considering social welfare measured in terms of consumer surplus and inclusive innovation. He then moved on to discussing the concept of open vs. closed Internet and concluded by presenting four types of challenges to an open Internet: 1. Challenges to the Internet architecture; 2. Challenges that arise from public policy objectives such as sovereignty and human rights concerns; 3. Unintended challenges arising from policy implementation; 4. Challenges related to private sector conduct.

Pablo Marquez, Director of the Commission for Communications Regulation of Colombia, thanked the OECD efforts in reviewing and drafting recommendations for telecommunication regulation in Colombia and defended the role of regulators to set regulations that are aimed at preserving the openness of the Internet and promoting competitive neutrality. He shared the Colombian experience in developing policies that support policy transparency, access to information and quality of services, noting also that the country is working to eliminate linguistic and economic barriers in order to ensure an open Internet for all.

Emily Taylor, Internet governance and policy expert, listed some factors contributing to the "closing down" of the Internet. She mentioned the weakening of Internet architecture interoperability due to slow adoption of IPv6; individual rights infringement and arbitrary

decisions by a small number of players who own vast amounts of data from users; and barriers on local content and on adoption of internationalized domain names, which hinder the next billion people to access the Internet.

Joseph Alhadeff, Chief Privacy Strategist and Vice-President for Global Public Policy at Oracle Corporation, contributed to the discussion by presenting an analytical framework for assessing the open Internet based on APEC's Digital Prosperity Checklist. For him, the openness of the Internet should be analysed in light of five interdependent categories: 1. Infrastructure – both in terms of technology and regulatory infrastructure; 2. Investment; 3. Information flows; 4. Intellectual capital – in terms of both technologic and linguistic skills; and 5. Integration – understood as trade across the border, at the border and behind the border.

Bill Woodcock, Executive Director of Packet Clearing House, acknowledged OECD's role on bringing quantitative information to inform policy making in the area. He affirmed that what was most interesting to him about Internet's openness was the ability to compete and to be a new market entrant in it. He pointed out that healthy markets were those with a large number of small and medium-size organisations that compete and bring new ideas, lowering prices and spurring growth and employment creation. He concluded by saying that road blocks that prevent innovation in the Internet are a central threat to the openness of the Internet.

During the Q&A, discussions touched on legal aspects and jurisdiction in the age of the Internet; the experience with controlled networks, innovation and cross border collaboration on language protocol; the task of finding the strongest arguments for countries to keep their Internet open; and finally, on the lack of sufficient data to support economic evidence for the open Internet.

Panellists finalised the Open Forum by indicating directions where they believe more research is needed in order to advance the understanding of the open Internet and its effects. Concluding remarks concurred on the pressing need for more data and analysis in this topic. Mining geo-located quantitative and qualitative data; measuring ripple effects of innovation; improving the capture of Internet economy in national accounts; advancing economic models to match technologic changes; and, finally, exploring evidence to support the argument for an open Internet were raised as pivotal actions to be taken.

## References:

Video: http://bit.ly/YYUl1c

Transcript: http://bit.ly/1tV8p7i

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