



WITSA

Global Public Policy Summit 2009

Bermuda

November 1-3, 2009

The
“Bermuda Declaration”
for the ICT sector

“As we are all witnessing the world is going through a revolution driven by IT. Business, government, education, the media – all are being transformed by the Internet, wireless telephone, access to powerful yet inexpensive computing technology, cable and satellite television, and other elements of the new IT. But what is less understood is the enormous potential of the new IT for transforming the status of the poorest of people in the world.” (Creating A World Without Poverty, Muhammad Yunus - 2008).

“In the search for pathways out of the current economic crisis, one of the recurring themes that has emerged from the World Economic Forum Annual Meeting in Davos and through its regional meetings is the global need for a robust information infrastructure” (Klaus Schwab, Founder and Executive Chairman of the World Economic Forum – July 2009).

“ICT must be used to accelerate the global recovery. It’s the key infrastructure for the 21st century.” (Leonard Waverman, Dean of the Haskayne School at the University of Calgary).

Background

In 2007, while the GPPS Summit in Cairo was taking place, the first signs of the global credit crunch began to surface.

Although there had been low growth throughout the year some third world



economies had seen success with the introduction of economic reform (shifting from state-controlled economies to free open markets¹). However on July 10, 2007 Moody's downgraded 399 residential mortgage-backed securities and on August 9, 2007 bad news from BNP Paribas in France triggered a sharp rise in the cost of credit "*as the financial world realized how serious the credit squeeze had become*"². By the time of the GPPS Summit in Cairo the first run on a bank in over a century occurred in the UK³ and UBS in Switzerland and Merrill Lynch in the US declared large exposures to bad debt resulting from sub-prime investments. In the New Year the World Bank predicted a global economic slow-down.

Over the subsequent two years the information and communication technologies ("ICT") sector has been affected by the global economic slow-down. When viewed as a total of GDP, ICT spending remained stable from 2003 to 2006. From 2007 onward, it dropped and is expected to reach 6.3% by 2011 (down from 7.3% in 2000).

ICT for Growth

In the light of these global developments it is important to focus efforts on those areas where the greatest benefits lie.

There is evidence to suggest that a positive correlation exists between the development of ICT and macroeconomic growth⁴. There is also evidence to suggest that in the past decade ICT has been the main basis for productivity growth⁵ (ICT has had positive effects on both labour productivity and total factor productivity⁶). Further, in both product and process innovation the percentage of ICT-linked developments is significant. Some highlights are⁷:

Sector	% ICT in Product Innovation	% ICT in Process Innovation	Year
Chemical, rubber, etc.	36%	73%	2007
Food	15%	62%	2006
Transport	76%	75%	2007
Publishing	65%	83%	2005

¹ Economy Watch (see www.economywatch.com)

² BBC – Timeline: Credit Crunch to downturn

³ Northern Rock was granted financial support by the Bank of England on September 13, 2007 and the run occurred on September 14, 2007.

⁴ See reports issued by OECD, World Economic Forum; Unit D4 European Commission; Africa Partnership Forum; ITU; World Bank; UKInvest; InfoDev; International Chamber of Commerce; etc.

⁵ Nordhaus, 2002; van Ark 2002

⁶ Dirk Pilat, 2005

⁷ e-Business Watch – Survey 2007



Multiple studies show that rankings in national competitiveness and network readiness are directly correlated⁸. For example, future broadband investments could generate a total of 968,000 new jobs and result in more than 170 billion Euros of additional GDP (0.60% GDP growth) by 2020 in Germany alone⁹.

It must also be recognised that innovation and investment are most likely to take place in a competitive and wisely regulated telecommunication market.

By stimulating both upstream capacities (R&D, product design etc.) as well as downstream services (logistics, transportation etc.) ICT acts as a multiplier for economic growth¹⁰. This is clearly seen with international trade. ICT can accelerate growth by making supply chains more efficient and enhancing collaboration. Underpinned by effective competition, ICT stimulates and improves trade by connecting people and places previously not connected and by bringing velocity to the progress of new ideas¹¹.

While the private sector is a key source of innovation in ICT, national governments can provide an enabling environment. An enabling environment consists of several elements, among them:

- Intellectual property rights protection
- Stable and predictable legal systems
- Education and capacity building
- Technology neutrality
- Trade liberalization
- Global regulatory framework that promotes competition and fosters entrepreneurship

Without these there will remain a significant barrier to future growth. In any event it is clear that protectionism must be avoided. The recently published 2009 Global Enabling Trade Report states that in the current economic situation protectionist measures can constrain growth with all the cumulative impact causing damage to all nations¹².

Finally, there is clear evidence that public-private partnerships built around the

8 World Economic Forum – ICT for Economic Growth: A Dynamic Ecosystem Driving the Global Recovery 2009

9 Raul Katz et al: The Impact of Broadband on jobs and the German Economy” Columbia Business School, Columbia Institute for Tele-Information 2009

10 Poh Kam Wong. The Contribution of Information Technology to the Rapid Economic Growth of Singapore. World Institute for Development Economics Research, 2001.

11 World Economic Forum – ICT for Economic Growth: A Dynamic Ecosystem Driving the Global Recovery 2009

12 Robert Lawrence. Margareta Drzeniek, The Global Enabling Trade Report 2009 – World Economic Forum 2009

development of strong ICT infrastructures play a key role in reducing global poverty and sustaining economic growth¹³.

WITSA's Role

Keeping the global ICT marketplace on course is the mission of the World Information Technology and Services Alliance (WITSA). WITSA is dedicated to advocating policies that advance the industry's growth and development; facilitating international trade and investment in IT products and services; and strengthening national ICT industry associations through the sharing of knowledge, experience, and critical information.

As the global voice of the ICT industry WITSA believes that ICT products and services should be regarded as an important tool for economic development. It also believes that the liberalization of ICT markets helps economies to expand existing activities and develop new export opportunities. ICT will not only promote innovation in other industries but innovation in the ICT industry itself will create new value. Thus ICT plays an invaluable part in the ongoing efforts to overcome the current economic crisis.

WITSA has a real impact on the global ICT public policy environment. It strengthens the industry at large by promoting a consistent legal and regulatory environment. WITSA voices the concerns of the global ICT industry at an international level with such organizations as the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), the World Bank, the Asia Pacific Economic Cooperation (APEC), the international Telecommunications Union (ITU), the Internet Governance Forum (IGF), and other international forums where public policies affecting industry interests are discussed, developed, or implemented.

WITSA's Views

- WITSA rejects protectionism and supports an open trading system free from barriers. The private sector is the primary investor in and innovator of ICT infrastructure products and services. Effective markets are therefore essential in ensuring sustainable development and growth in an information society.
- WITSA also believes that public-private partnerships can play an important role in facilitating the creation of a sustainable information

¹³ Millenium Challenge Corporation CSO John Danilovich



society. WITSA members are committed to building public-private ICT partnerships and enabling policy environments that facilitate ICT use in our economies. This will stimulate private investment in the infrastructure necessary to support the sustainable development of the Information Society. The private sector can thus fulfill its role through comprehensive business and investment strategies. The role of government is to introduce competition and provide a favorable regulatory environment to enable the development and deployment of an underlying ICT infrastructure and its many beneficial applications.

- The economic crisis has reduced global tax revenue and emergency support for key sectors has stretched government budgets. This has caused severe fiscal problems. To address these problems the immediate focus has been on cuts to existing services and tax increases. We believe that this focus should be broadened and that in addition governments should learn from the experience of the private sector by considering the use of ICT and technology enabled change as an additional means of addressing these problems. Use of ICT, based on robust business cases, can improve efficiencies, reduce duplication and increase the productivity of public servants around the world. Effective use of ICT could reduce the harm posed to the business environment by tax increases and the reduction in public spending.
- Governments should continue to develop tax regimes that support research and development. Research and development delivers substantial public benefit both to the individual enterprises that invest in such work and to society as a whole (by increasing quality of life and the creation of taxable wealth). Tax regimes should also encourage private sector investment in ICT that will drive future growth.
- The ICT industry has a central role to play in reducing harmful emissions across all industry sectors. While the ICT sector has worked hard to reduce its own environmental impact (as illustrated by dramatic falls in processor power use and in standby power consumption) it can aid the efficiency of sectors such as transport, utilities and buildings. It also has the ability to create positive change in other sectors through transforming processes and altering behaviour. ICT is one of the few tools available that can produce dramatic changes without negative effects on prosperity or individual lifestyles.
- In both the public and private sectors, information security challenges must be met with a combination of factors, namely: People, Processes



and Technology. Individuals must be vigilant in maintaining the security processes laid out by organizations; organizations must implement and enforce security processes and procedures; and business and government must use multiple layers of security technology to deter threats. All three are necessary to minimize risk. WITSA encourages solutions developed collaboratively by industry and public policy makers can help minimize the threat of attack and ensure that our systems and the data remain protected.

- Without the requisite education, including basic tools such as literacy and more targeted tools such as computer literacy, individuals will not be able to benefit from the information society. WITSA also recognizes that the IT industry is one based on the knowledge of its workers. We need to actively engage our future workforce and to encourage them to continue their education so as to obtain the maximum benefits from their chosen career.

The purpose of the Declaration

The GPPS Declaration is intended to:

- raise public and institutional awareness and attention to the benefits of a coordinated global ICT policy;
- stimulate increased ICT investment, projects, and opportunities;
- re-commit WITSA to the continued global promotion and development of ICT solutions.

Declaration

WITSA is the global body that represents the information and communications technology industry.

The Global Public Policy Summit is a WITSA event that focuses on global policies affecting the information and communications technology industry.

The current global economic crisis requires a coordinated policy response that recognizes the critical role played by ICT in economic recovery and the overall benefits that it brings to all nations and communities.

Future economic growth should be environmentally as well as economically sustainable.

Therefore, participants at WITSA's GPPS 2009 declare that:



1. ICT is a proven driver for global economic activity and growth.
2. The economic growth generated by the development of the ICT sector will benefit all economies.
3. Access to ICT and the knowledge and information provided by the Internet is an important part of an inclusive information society and is essential for broader sustainable economic growth.
4. Public-private partnerships are a critical part in building ICT infrastructure and an information society.
5. There should be an open trading system between nations free from barriers for ICT products and services. We urge WTO Members to reach the compromises needed to achieve a successful conclusion to the Doha Development Agenda with an ambitious and balanced outcome, including comprehensive results in services.
6. Harnessing the power and benefits of ICT for society will not come automatically. Only if business and governments work together with other partners, including their education systems, can people everywhere be assured of access to ICT tools and the knowledge and empowerment they deliver.
7. International strategies to tackle climate change need to make full use of ICT as one of the most powerful tools available, and one of the only ones that can produce dramatic changes without negative effects on prosperity or individual lifestyles.
8. With the pressure on global public finances, governments should recognize the use of ICT and technology-enabled change as tools to address their operational costs and efficiencies.
9. The continued success and growth of ICT depends on trust and confidence; privacy and security should be appropriately integrated into ICT programs, systems, and products from the beginning.

End.

The World Information Technology and Services Alliance (WITSA) is a consortium of nearly 70 information technology (IT) industry associations from economies around the world. WITSA members represent over 90 percent of the world IT market. As the global voice of the IT industry, WITSA is dedicated to advocating policies that advance the industry's growth and development; facilitating international trade and investment in IT products and services; strengthening WITSA's national industry associations through the sharing of knowledge, experience, and critical information; providing members with a vast network of contacts in nearly every geographic region of the world; hosting the World Congress on IT, the premier industry sponsored global IT event; and hosting the Global Public Policy Summit.