

On the occasion of the
Pan European Regional Conference in Bucharest
in preparation of the World Summit on the Information Society

**THE INTERNATIONAL CHAMBER OF COMMERCE (ICC) AND
THE COORDINATING COMMITTEE OF BUSINESS INTERLOCUTORS (CCBI)**
organized a business-led afternoon discussion.

This was an integral part of the official agenda

BUSINESS SESSION

*“Creating an attractive environment for investments
in the information society”*

Friday 8 November 2002

15.00-19.00

Bratianu Hall

15.00-15.30 **Opening**

Chairman:

- **Maria Livanos Cattau**, ICC Secretary General

Welcome remarks:

- **Mihai Daraban**, Vice-President of the Chamber of Commerce and Industry of Romania; President of the Chamber of Commerce and Industry, Navigation and Agriculture, Constanta; ICC Romania founding member

15.30-17.15 **Session 1**

Policy and regulatory elements: the realities and requirements to nurture domestic and international investment in information and communications technologies. This discussion will explore the critical components of policy and regulatory frameworks and highlight the experiences of business and government with frameworks that work and do not work.

Moderator:

- **Maria Livanos Cattau**, ICC Secretary General – Paris

Keynote Addresses:

- **Carlo Trojan**, Ambassador, Permanent Representative, Delegation of the European Commission to International Organizations – Geneva
- **Mark Furrer**, Director General, Federal Office of Communications – Switzerland

Speakers:

- **Helmut Stocker**, Vice President Standardization and Governmental Affairs, Siemens – Germany
- **Rémy Fekete**, Partner, Gide Loyrette Nouel – France
- **Pawel Stelmaszczyk**, Government Affairs Manager, Intel Corporation – Belgium
- **Silviu Hotaran**, General Manager Microsoft – Romania

17.15-19.00 **Session 2**

Local entrepreneurship and supportive structures: what does it take to stimulate new business in the ICT arena? This session will delve into the key structural motivators for entrepreneurs through actual experiences and lessons learnt

Moderator:

- **Maria Livanos Cattau**, ICC Secretary General – Paris

Keynote Speaker:

- **Mark Furrer**, Director General, Federal Office of Communications – Switzerland

Speakers:

- **Christiaan van der Valk**, Co-founder and Vice President of Marketing and Business Development, Tekki AB – France
- **Jerker Torngren**, Project Director, Internews – USA
- **Christer Sturmark**, Internet Entrepreneur, Venture Capitalist and Independent Political Advisor – Sweden
- **Marian Popa**, Country Operating Officer, FUJITSU SERVICES (UK) – Romania

Rapporteur:

- **Ayesha Hassan**, ICC Senior Policy Manager – Paris



International Chamber of Commerce

The world business organization

Bucharest report: Business-led roundtable session:

On behalf of the Coordinating Committee of Business Interlocutors, chaired by the International Chamber of Commerce (ICC) and comprised of among other business organizations, GIIC, WITSA, BCUN, WEF, we would like to express our great appreciation for the opportunity to organize what was an invigorating, and dynamic discussion regarding the key policy and regulatory issues that help to create an environment that attracts investment in Information and Communication Technologies (ICTs) and the knowledge economy, and the critical experiences and impediments to stimulating local entrepreneurship at this most important regional meeting for the World Summit on the Information Society.

These are the basic components to enable the use of ICTs and the information society as a critical tool for to promote economic growth and which will in turn contribute to progress on one of the millenium goals – the alleviation of poverty.

The focus of the panel presentations and the moderated discussion by ICC Secretary General, Maria Livanos Cattau, was what are the policy and regulatory framework issues that will nurture investment in ICTs and promote local entrepreneurship. We brought together the experiences of government, regulators, multi-national business, legal experts, and entrepreneurs to explore and identify substantive experiences that can be built upon and used in many countries, the issues that can be dealt with at this Summit, and the concerns which will guide the experiences of countries that are forming the infrastructures that will assist them in fully utilizing ICTs as a tool for economic development.

The presentations, discussion and questions from the audience generated the following recommendations regarding the policy and regulatory framework issues that create a nurturing environment for investment in ICTs and the information society, and the impediments to creating such an environment:

- Regulation has its costs and policy makers need to balance regulation with sustainable growth concerns.
- Regulatory packages such as the new EU framework, which gives national regulators more flexibility and the ability to accommodate technical, competitive evolvments by taking away ‘red tape’ and hassle for investors is important.
- Implementation of regulatory frameworks present important challenges.
- The model for the telecommunications and communications regulator in a country should be well thought out----the most conducive model will mean consolidation of these functions.

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- Creating a pro-competitive environment will attract investment by creating a broad market, and it will better meet the needs of consumers/users by lowering prices and increasing choice.
- It is important not to get stuck in our regulations! Maintain flexibility and change if needed.

The question of timing regarding liberalization, and creation of the regulator was explored.

If licenses are granted before a regulator is in place, and if telecoms regulation refers only to competition law many problems arise in emerging countries. Multi-sectoral regulators could optimize the use of public funds and the simultaneous development of different public infrastructures.

It is of great importance to measure what gets done in this area to maximize experiences and to make continued progress in efficiency and effectiveness:

- Key policy needs in the terms of the infrastructures needed to fully utilize ICTs to promote economic growth are:
 - connectivity,
 - competence,
 - confidence, and
 - content creation.
- These 4 'Cs' are all key to accelerated economic growth.

Some of the criteria used to assess investment attractions in countries include:

- the presence of a skilled labour force;
- intellectual property protection that can be enforced in local courts;
- the necessary infrastructures must be in place;
- society must have access; and
- the potential for service offerings.

A substantive exchange was had on how to decide when to set up a regulatory authority in the privatization and liberalization process, and some key questions to ask were identified:

1. Is it necessary and timely to establish a regulator?
2. Are the jurisdictional parameters set for the regulator?
3. Are there measures in place to ensure that there is not redundancy in the system?
4. Is the regulator's role clear?
5. Is there transparency in a real way in the system?

Sequencing in the policy context is critical and assessing when to open the market in the regulatory structure that is being put in place can make an enormous difference in the success of a country trying to attract investment in the information society and achieving the goal of fully utilizing ICTs to promote economic growth.



These recommendations were balanced with an acknowledgement in the discussion that countries present complex realities and there is no set formula given that for instance, impediments that are part of the system may exist to protect certain users and owners. It is crucial to avoid replacing one monopoly with yet another if the goal is to attract investment by opening the market, sustaining a competitive environment, and growing the structures that support the information society.

A few other fundamental actions that governments can take to set the stage for investment in ICTs are:

1. Sign the basic WTO telecoms agreement to encourage liberalization.
2. Define a long-term telecoms strategy for a country to ensure a solid path forward.

The second part of the discussion focused on how to stimulate local entrepreneurship and the supportive structures that are necessary to achieve this goal.

Entrepreneurs and regulators shared their personal successes and failures, their innovations and the challenges they faced in setting up businesses in the ICT and internet fields and developing the structures that affect entrepreneurship from the government side. This rich dialogue led to the following recommendations and observations:

- The cultural approach to risk-taking, bankruptcy, and failure is a primary factor in how a country's entrepreneurs will act and react. The reality is that cultural ways will only change over time, and setting a tone of acceptance and acknowledgement of the need for risk-taking (and possible negative consequences) is fundamental to establishing a culture of innovative business.
- Human resources must be cultivated through investment in education and life long training to maximize ICTs as a tool for economic growth.
- There must be a strong financial sector that can support investment and take responsibility for consequences of risk and investment.
- Laws regarding IP, contracts and IT security must be developed and implemented to support the risk taking and new partnerships that are part of entrepreneurial growth.
- Specific examples from countries including Romania, Switzerland and Sweden highlighted how these issues have been tackled and what has worked and what has not been as successful.

Other input included the importance of government as an early user of ICTs as both a motivating factor in promoting local entrepreneurship and streamlining what is often a huge obstacle to entrepreneurs – the massive amount of administrative challenges they face just to get started.



‘One stop shopping’ for the administrative needs of entrepreneurs is critical and the role played by diminishing the burdens on entrepreneurs and new businesses to get started cannot be underestimated. Several examples of initiatives in different countries where this issue is being or has been addressed were discussed with solid evidence about how much of a difference this one aspect can make in creating a community of new businesses in a country, and in turn furthering the goal of utilizing ICTs for economic development.

Compiling information through this Summit preparatory process about what does not work to enable other countries to learn and leapfrog will be key.

Another aspect of creating new businesses is the reality that to do so, people who take these risks have to sustain themselves financially and maximize their existing experiences while setting up their business. Consulting is increasingly a means for many entrepreneurs to support and finance their risk taking and to grow new companies – supportive governmental action for consultants will encourage entrepreneurial growth.

In addition, consultants are a knowledge unit, and an investment vehicle for technology companies. Examples of both business people who consult as they build companies and government people who for instance advise companies in their village were discussed.

The attitude of public service providers can be encouraging or discouraging to entrepreneurs trying to manage the administrative and bureaucratic issues to get started. This may seem basic, but the day to day experience of setting up a business can either encourage or discourage more local entrepreneurs to be innovative or not.

International cooperation features among statements of principles for creating and promoting the information society for all.

The need for competitors to be able to find opportunities and the importance for them to be able to trust the entire society not just the telecoms policy was emphasized.

The keys to promoting local entrepreneurship were highlighted by the following points:

- Impediments to local entrepreneurship include administrative obstacles and tax burdens which, if alleviated, would help enterprise progress.
- Legal systems must be trustworthy.
- Bureaucracy must be reduced at all levels of society.
- Corruption must be fought.
- Transparency must be part of action, not just a word; for example the regulator should be required to divulge where it has spent money.
- Basic things like the ability to accept credit card payments, and to allow the deposit of salaries as has been put into regulation in Romania will help to promote entrepreneurship.



The discussion ended with the following concluding thoughts that bring together the main messages from this vibrant exchange:

- Measure what can be measured—strive to measure what is more difficult to measure and stop trying to reinvent the wheel.
- Realize that every SME is a person in front of you and this will guide the elimination of obstacles to help the person, the SME, build new businesses and opportunities for economic growth in the country.
- Make sure that objectives are clear before any drafting of legislation begins.
- Understand the realities of those to be regulated.
- Invest in IT development in schools.
- Do not look at IT and what it can do, ask what problem IT can solve.

Finally, the inclusion of business as a true vector and partner in the development of the information society is important to the success of this Summit and most important for the implementation of the goals of this Summit.

There are no general recipes and one-size fits all solutions – we must focus on the lessons learned and apply them as appropriate to different countries' needs and realities.

On behalf of the CCBI we would welcome a real and intensive integration of business from across the globe, large and small, and all sectors in the work of this Summit to promote the information society for the benefit of all.

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