



**Economic and Social  
Council**

Distr.  
GENERAL

TRADE/WP.8/AC.3/2002/6  
13 November 2002

Original: ENGLISH ONLY

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**ECONOMIC COMMISSION FOR EUROPE**

COMMITTEE FOR TRADE, INDUSTRY AND  
ENTERPRISE DEVELOPMENT

**Working Party on Industry and Enterprise Development**  
**UNECE Team of Specialists on Internet Enterprise Development**  
Sixth meeting, 9 November 2002, Bucharest

**REPORT**

Panel on E-Policy and E-Regulations  
**Bucharest Pan-European Regional Conference of WSIS**  
9 November 2002

UNECE secretariat

1. The United Nations Economic Commission for Europe held the 6<sup>th</sup> session of the Team of Specialists on Internet Enterprise Development in the form of the panel on E-Policy and E-Regulatory Framework Development for the Information Society with special reference to transition economies, in Bucharest, Romania on 9 November 2002 in conjunction with and in the context of the Regional Conference of the World Summit on the Information Society (WSIS), which will take place on 7-9 November 2002 in the same venue.

2. The following speakers took part in the panel discussions: Mrs B. Schmögnerova, chairperson, the executive secretary of UNECE; Mr H. Trouré, moderator, General Director of the Telecommunications Development Bureau, ITU; Mr DW.Choi, rapporteur, UNECE secretariat; Mr I.Erenyi, Director General, Ministry of Informatics and Communications, Hungary; Mrs A.Ticau, Deputy Minister, Ministry of Communications and Information Technology, Romania; Mr A. Korotkov, First Deputy Minister, Ministry of Telecommunications and Informatization, Russian Federation; Mr George Stoev, Director General, E-Commerce Centre, Bulgaria; Mr A. Koloduke, Executive Director, Information Society Union, Ukraine; Mr D. Souter, Executive Director, Commonwealth Telecommunications Union, UK; Mr Y. Hohlov, Chairman of the board, Institute of the Information Society, Russian Federation; Mr F. Nam, UNDP office in Kyrgyz Republic; Ms M. Meissl, DG Information Society, European

Commission, Ms. S. Ghernaouti-Helie, HEC, University of Lausanne; Mr R.Badrinath, Director, ITC; Ms M. Hedblom, Executive Coordinator, WSIS/ITU; Mr E. Katsh, Department of Law, University of Massachusetts.

3. Main objectives of the panel was to provide a synthesis of the discussions on the development of e-Policy and e-Regulatory Framework for the Information Society at the national, regional and global levels. It also aimed at contributing to the WSIS 2003 by summarizing main issues currently being addressed, explore implications for the Pan-European region, and set out future directions based on recommendations put forward by regional and international experts.

4. The debate has focused on understanding how to establish enabling legal environment for the Information Society by means of appropriate regulatory instruments taking into full consideration of new technology development and the specific regional context. It also highlighted the best practices of e-policy implementation for reducing the digital divide and enhancing the knowledge economy development. The panel stressed that whilst the role of private sector is becoming more relevant, public policy does matter, at the national and international levels, in creating an enabling environment for the Information Society.

5. At the panel and the plenary session, the United Nations Economic Commission for Europe (UNECE) publication of "Information Economy Report 2002-2003" was launched as an annual review series and a major contribution prepared to assist member States, particularly from transition economies, in developing and implementing e-strategies, e-policies and e-regulatory framework towards a knowledge-based economy. A total of 500 copies were distributed to the participants free of charge. The publication contains a series of national progress reports prepared by relevant experts from 16 countries taking stock of current initiatives of e-policy development in the region. The report was put together by members of the UNECE Team of Specialists on Internet Enterprise Development (TSIED) who met at the UNECE/EU Joint Expert Panel on E-Strategy and E-Policy Development in Transition Economies, 3-4 October 2002 in Brussels. It also benefited from contributions of the South East Europe Digital Economy Project of the European Commission. The report highlights several key areas that decision makers in transition economies should consider when formulating policies on the Information Society. It serves two main purposes: to enable the country concerned to appraise the institutions and mechanisms that contribute to Information Society development in terms of country assessment; and to encourage better dissemination of relevant policies and best practices in terms of knowledge economy development.

6. ITU Director introduced that the report provides an overview of national e-development strategies, main policy directions and instruments, relevant legal and regulatory framework, and the state-of-the-art e-statistics as available. The reports included in this publication are from Albania, Azerbaijan, Bulgaria, Estonia, Hungary, Kyrgyzstan, Latvia, Lithuania, Poland, the Republic of Moldova, Romania, the Russian Federation, Slovakia, Slovenia, The former Yugoslav Republic of Macedonia, Ukraine, with other countries of the region to be added as of the forthcoming edition. It also contains a brief regional overview on the main regional trends and future directions. The Director of ITU commended the timely contribution of UNECE with the publication and stated that it would serve as a reference material for events in the context of the World Summit on the Information Society: the Pan-European Regional Conference in

Romania in 2002, the World Summit on the Information Society in Switzerland in 2003 and in the year 2005 in Tunisia, and assured that ITU will cooperate with UNECE for further work on the next edition of publication.

7. Speakers from transition economies mentioned that in the early 1990s, some governments in the region conceived the modernization of the communications infrastructure as a prerequisite of economic development. This relatively early start in some countries provided an initial head-start over other transition economies. Since the mid-1990s, many of the transition economies have made remarkable progress in the ICT areas in terms of developing strategic plans and implementing them across different sectors of economy. In particular, accession countries have made substantial development both in telecommunications infrastructure and in regulatory or legal framework where the process of negotiation on EU accession has played decisive role in aligning domestic laws in harmonization with the EU Directives, namely telecommunications acquis and e-commerce acquis.

8. However, as with many other aspects of the transition process, there are still growing disparities among countries in terms of the Internet access and affordability. While average connection fee of the Internet in some countries has lessened by more than three digits over the last years, in some other countries it is still 10 times more expensive when connection speed is 10 times slower. Given the low level of income per capita, average connection affordability in these countries remains at lower level than OECD average.

9. Some panellists stressed that in the Internet development, the leading transition economies were considered to stand also ahead as regards the connectivity and affordability. Nonetheless, they pointed out that the countries who completed successfully the first wave of liberalization in telecommunications, have not been not necessarily succeeding in entering into the second wave of the Internet deployment. The main reason was that liberalization of telecommunications sector has not led automatically to the liberation of Internet connectivity. This dilemma is strongly present in many transition economies, where sequence of policy has not accompanied the required mix of policy.

10. Participants added that E-policy would be likely to be effective when adjustment policy mix is adequately accompanied. Strategic planning towards the information society development across the region is omnipresent, but the degree of aligning policy mix with the long-term objectives for economic growth and appropriate policy instruments varies significantly across the region.

11. As for the e-policies, both telecommunications policy and information society development policy were mentioned as two main building blocks. The objective of the Telecommunication Policy is introducing equal and transparent conditions for the development of the telecommunication market so that its users would be provided with good quality telecommunication services at affordable prices. For pre-accession countries conditions would be established for joining the European and global structures. To achieve that it is necessary to fully comply with the European Community documents. Because there are many conceptual differences between national e-strategies and global network environment, linking them would require innovative approaches. This is where the dividing line between trade policy issues and e-policy issues resides, in the grey area between multilateral trading system and digital trading system.

12. Participants emphasized that apart from telecommunications policy, there is an important element to be considered, namely, Information society development policy. They stressed the needs of identifying appropriate measures for implementing core principles of the ICT development strategy beyond telecommunications sector development, promoting competition, encouraging investments, setting an adaptable regulatory framework, providing open access to networks, ensuring universal information services, promoting equal rights of access to information resources, diversify and affordability of content, including preservation of cultural and linguistic diversity, recognizing the necessity of regional and global cooperation among major stakeholders with particular attention to the digital divide.

13. A special reference was made to competition in telecommunications sector and the ensuing Internet development sector. One panelist indicated that many transition economies are failing to deliver the second area of e-policies due to the inertia created by the incumbents for stabilizing its monopoly ownership coupled with the induced policies of governments to grant certain degree of privilege to attract further foreign investment and thereby raising revenues. E-policy's long-term objectives should be to provide an environment where markets become more competitive yet ensure that a minimum of services would be available to all users at an affordable price and that the basic rights of consumers be protected. A number of speakers stressed that this aspect has not been fully materialized in the region.

14. Participants also considered that e-regulation in cyberspace constitutes another important building block for establishing the enabling environment for the information society. The term e-regulatory framework refers broadly to legislation, regulation, directives, case decisions, relevant policies, international agreement, architectural changes, self-regulation and any other means under development that might be employed to affect parameters of current legal system and control variables of cyberspace. The e-regulatory framework development would provide a coherent, reliable and flexible approach to the regulation of electronic communication networks and services in fast moving digital markets. In general, it was mentioned that development of digital economy raises a host of new legal issues driven by a number of factors: open networks, borderless transfer of data, anonymity, jurisdiction, choice of law, copyright, data protection, privacy, digital signature, contract, liability, online dispute resolution, etc. which could be summarized as dematerialization, deterritorialization, depersonalisation detemporalization, and convergence of law and new technologies.

15. At present, a set of EU regulatory framework relating to information society, namely, telecommunications acquis and e-commerce acquis represent the most advanced form of e-regulation in the ECE region. They are not only comprehensive but also legally binding on member states. CEEC and the Baltic states have put their implementation plan of transposing these EU acquis as part of their negotiation package for accession.

16. The process of developing a proper regulatory framework on information society in line with the EU Directives and implementing them in the respective acceding countries would create significant externalities for neighbouring countries of South East Europe and other transition economies. Thus it would be important to understand the current process of implementing the EU Directives relevant for the information society and the potential impact on other transition economies. At present, decisive activities in the pre-accession process start to concentrate into 31

negotiation chapters. Among the latter, 3. [Freedom to provide services](#), 6. [Competition policy](#), 10. [Taxation](#), 19. [Telecommunications and information technologies](#), 23. [Consumers and health protection](#), 28. [Financial control](#) would be important chapters relevant for the Information Society.

17. Three questions were raised during the open panel discussion: effectiveness of SMP approach; role of soft law in e-regulations; and role of ICT for the development of a knowledge-based economy.

18. Participants also heard that over the last years, the UNECE has been instrumental in providing a forum for exchange of ideas, experiences, and best practices on e-policy and e-regulatory framework development. In this context the UNECE has organized a number of events: UNECE Workshop on E-Government in Budapest, November 2001 held in collaboration with the Hungarian Government, UNECE Workshop on E-Regulatory Framework Development in Geneva, February 2002, UNECE Forum on Online Dispute Resolution in Geneva, June 2002, UNECE/EU Joint Expert Panel on E-Strategy and E-Policy Development in Brussels, October 2002 and the forthcoming UNECE International Seminar on E-Government to be held on 13-14 December 2002 in Caserta, Italy in cooperation with the Italian Government, and the forthcoming UNECE workshop on e-security and knowledge economy in February 2003 in Geneva.

19. Finally, the Director of ITU stated that continuous discussion of the subject matters dealt by the panel would be useful for governments, business community and consumers alike to better understand how to set a strategic direction in maximizing the economic benefits of using new technology and the accruing social welfare, not only raising awareness of the current situation but also provide a vision of the potential implications and upcoming challenges to cope with. To this end, it was recommended that an institutional synergy should be further established among relevant intergovernmental agencies such as MoU between ITU and UNECE on Information Economy Development with special reference to E-policy and E-regulations for the Information Society.

20. Rapporteur made its summary presentation at the final plenary session based on discussions held at this panel, and it was agreed that ITU and UNECE will collaborate on these issues in close cooperation with other international organizations such as the European Commission, OECD, WIPO, UNCITRAL, UNCTAD, World Bank, ITC, ICC and NGOS in order to bring the positive results accruing from the implementation of e-policy and e-regulations to the benefit of members states, with special attention to the digitally marginalized sectors, regions and countries.