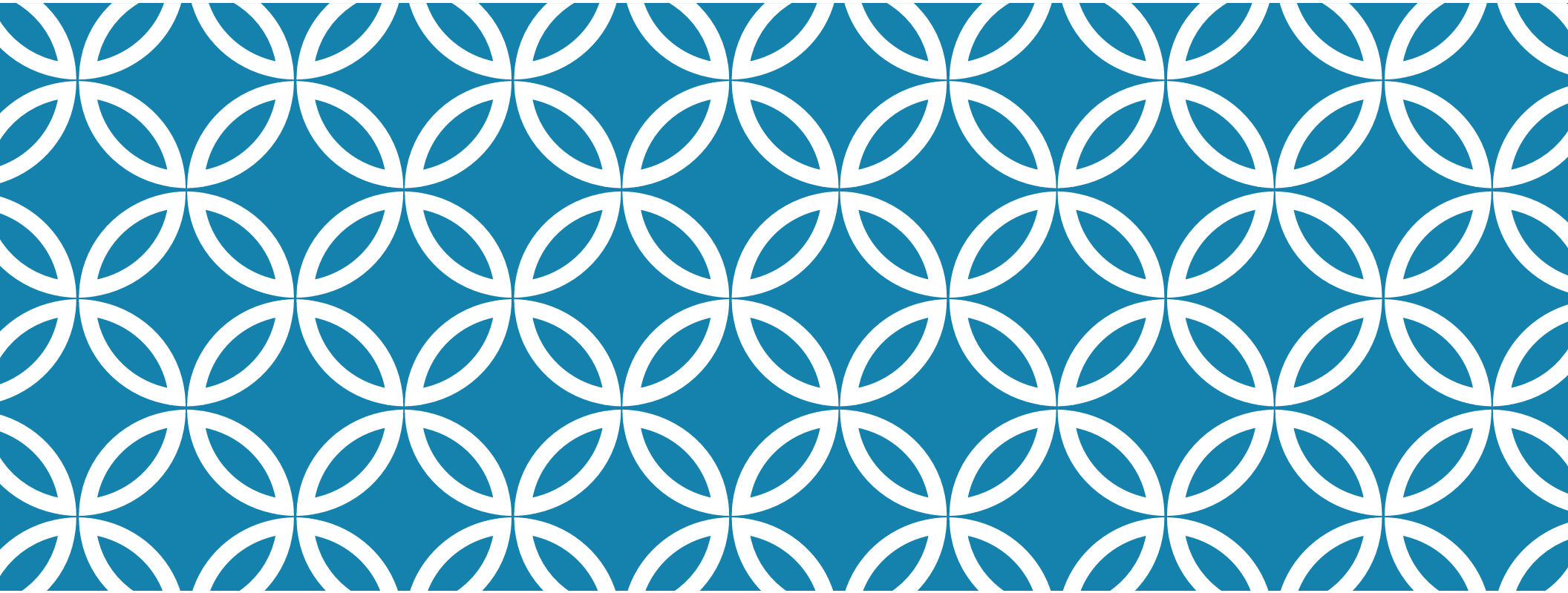

REPORT FROM APRU INTERNET ECONOMY SUMMER SEMINAR

Jim Foster
Executive Director
Keio University International
Center for the Internet & Society

A THOUGHT EXPERIMENT

WHAT WOULD HAPPEN IF:

- **25** of the top Internet Policy academic experts in the region
- **15** mid-level Internet regulators from APEC economies
- **10** young executives from leading Internet service companies in Japan

WERE LOCKED IN A ROOM TOGETHER WITHOUT:

- Keynote Speakers
- Prepared Papers
- Slide Presentations
- Organized Panel Discussions

FOR SIX DAYS

… AND WERE ASKED TO THINK HARD ABOUT PRACTICAL SOLUTIONS TO SUCH KEY REGIONAL CHALLENGES FOR THE INTERNET AS:

A Common Framework for Privacy

Regional Coordination on Cybersecurity

Setting Standards for Internet Services

Cross Border Data Flows and Trade

Addressing the "Digital Divide"

The Problem of Internet Fragmentation

ASSOCIATION OF PACIFIC RIM UNIVERSITIES

INTERNET ECONOMY SUMMER SEMINAR

aprusummerseminar2015.com

APRU
Association of Pacific Rim Universities

Keio University

WHAT DID THEY COME UP WITH?

TERMS AND CONDITIONS

The following slide presentation is based on the ideas and areas for future research and discussion emerging from six days of interactive and frank exchanges among the scholars, government officials and business executives joining the 2015 APRU Internet Economy Summer Seminar from August 24 to 29 in Tokyo, Japan.

The views expressed **do not necessarily reflect the official positions of the universities, governments and private corporations that the participants in the Seminar are affiliated with.**

The APRU Internet Economy Summer Seminar **is a three-year program** supported by a generous grant from The Sasakawa Peace Foundation and coordinated by Keio University. 2015 was the first year for this "thought experiment."

The Seminar was designed to leverage the expertise of faculty from APRU affiliated universities to educate the next generation of leaders from government and the corporate sector and to strengthen human networks on shared Internet policy issues in the region.

The Seminar operated for the most part under **Chatham House Rules** and we are reporting the highlights of the discussions without attribution as a contribution to ongoing dialogue within the APEC region on Internet policy concerns.

A COMMON FRAMEWORK FOR PRIVACY

Despite endorsements by leaders in 2011 of the APEC Cross Border Privacy Rules (CBPR), there remain significant gaps in the legal frameworks for privacy found in APEC economies.

- The uncertainty created by this situation is an obstacle to cross-border data flows and a significant compliance problem for SMEs in the region.
- "Control" of privacy through an individual "consent" based framework is increasingly viewed as problematic for all parties, given the anticipated explosion in the deployment of IoT Devices over the next five years.
- Increased research and national policymaker attention should go to provisions for implementing "accountability" based privacy governance, backed up by predictable enforcement.

REGIONAL COORDINATION ON CYBERSECURITY

With a growing number of connected devices and over 200,000 malware introduced each day, there is a keen awareness in APEC regarding the cyber threat. But the appropriate economic incentives are not yet in place for the development of a cross-APEC strategy.

- Security upgrades mandated by national governments are expensive and complex to implement, especially for SMEs. They also can become a pretext for protectionist measures.
- The "digital divide" makes more effective regional cooperation elusive; many APEC member nations lack the capabilities and resources to manage a cybersecurity strategy.
- A case can be made that sensitive data is best entrusted to international cloud service providers, but there are deeply rooted economic and security rationales for keeping local data "local." Dialogue and further research is needed on what is appropriate.

SETTING STANDARDS FOR INTERNET SERVICE

Standards are key to managing the Internet and assuring consumer and business uptake of new technologies, such as cloud computing, but their adoption among APEC economies has been uneven.

- There are many complaints that the current international standards process is too slow and not broadly inclusive or transparent.
- Standards-setting involves than just harmonizing Internet operational requirements. It must also meet consumers needs and expectations with regard to Internet services. ISO/EIC 27017 on cybersecurity standards for the cloud is a good model in this respect.
- National governments need to implement internationally recognized standards in their domestic legislation – especially important for building a common cyberspace among APEC economies.

CROSS BORDER DATA FLOWS AND TRADE

While the Internet is a new and transformative technology, managing the emerging Digital Economy in the region does not necessarily require a new set of tools and measures.

- TRIPS, GATS and the recent expansion of the Information Technology Agreement (ITA) offer possible frameworks for facilitating cross-border data flows.
- The US-EU Trade Principles for ICT concluded in 2011and their extension to Japan in 2012, might also provide a set of "soft" trade commitments around which national government policies, e.g. on "data localization," could be more closely aligned.
- Discussions of on a similar set of ICT trade principles between ASEAN and the US have been stymied by definitional issues, capacity problems among ASEAN nations and a lack of clarity as to how these principles might be practically applied. APEC may have a role in breaking this logjam.

ADDRESSING THE "DIGITAL DIVIDE"

The "digital divide" is not simply a question of infrastructure deployment and levels of economic development.

- There are serious human capacity issues across the region and a need to improve training and cross-border mobility for cybersecurity professionals and experts in areas such as data analysis and systems engineering.
- There is a cultural dimension as well – particularly how social media may influence youth development and ties to family and community.
- This brings up issues of freedom of expression vs. preserving social harmony. There is a role for APEC in promoting greater dialogue on shared regional norms and guidelines for government and private sector filtering of the Internet.

THE PROBLEM OF INTERNET FRAGMENTATION

The Internet is a powerful integrative technology that can be harnessed in support of APEC goals. But it also harbors centrifugal forces that have the potential to "fragment" the global Internet in Asia by reinforcing national, cultural and linguistic differences.

- Technical fragmentation, such as Google DNS and the Apple "walled garden" strategy, is a problem, but it is also part of the innovation and growth of the Internet.
- The real problem is the patchwork of national legal and policy frameworks that are currently developing around the Internet in Asia could be further exacerbated by greater reliance on encryption that undercuts law enforcement and challenges sovereignity.
- APEC should put "fragmentation" on its agenda and convene relevant stakeholders to discuss practical solutions to preserve the integrity of the Internet.

FOR FURTHER INFORMATION:

Association of Pacific Rim Universities (APRU)

www.apru.org

Keio University International Center for the Internet & Society

kipis.sfc.keio.ac.jp

APRU 2015 Internet Economy Summer Seminar

aprusummerseminar2015.com