



Global Business Dialogue on Electronic Commerce

The Miami Recommendations

SEPTEMBER 26, 2000

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GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



ALTERNATIVE DISPUTE RESOLUTION

SEPTEMBER 26, 2000

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Introduction

Electronic commerce, especially between consumers in one country buying goods or services from businesses based in other countries, will grow unabatedly only if consumers feel confident that their interests are sufficiently protected in the case of disputes. At the same time, there is also the concern that merchants – especially small and medium sized enterprises (SMEs) - might be faced with unmanageable problems due to difficulties related to consumer disputes resulting from Internet transactions.

Recourse to courts in disputes resulting from international Internet transactions is often complicated by the difficult questions of which law applies, and which authorities have jurisdiction over such disputes. Furthermore, international court proceedings can be expensive, often exceeding the value of the goods or services in dispute. If this were the only means to settle disputes, it would certainly not enhance consumer confidence in international electronic commerce and would strongly induce merchants to restrict the geographic scope of their offers. This, in turn, would limit competition and consumer choice.

Complete international harmonization of applicable laws and international agreements on competent jurisdictions might be the ideal solution in theory, but it is an illusion to believe that this can be achieved in practice.

There are widely differing views held among governments on the right type and level of consumer protection, even at the regional level of the European Union or the U. S., for example. In fact, recent legislation seems to be primarily geared at shielding these various and often conflicting national or regional systems of consumer protection against growing international competition created by the Internet.

The situation is at least as difficult with regard to the issue of the competent forum. Business acknowledges that the application of the “country of origin” principle alone may not be sufficient to boost trust in online transactions, since consumers are unlikely to resort to the courts of other countries where merchants are resident. Conversely, the application of the “country of destination” principle (the residence country of the customer) is not the right answer either, since merchants will be unenthusiastic about international transactions that could subject them to a variety of differing country laws, processes and legal reach of every country in which their online customers may live. Moreover, for consumers this principle may only provide illusory protection, as in many cases the cost and complexity of cross-border enforcement stands in the way of effective redress.

Probably the best way out of this dilemma and an important catalyst for consumer confidence in electronic commerce is that Internet merchants offer their customers attractive extra-judicial procedures for settling disputes as an alternative to the cumbersome and expensive resort to courts.

In the offline world such alternative dispute resolution (ADR) systems are being used quite successfully as an effective, quick and efficient method for addressing consumer complaints that are not resolved through a simple contact with the company (in the framework of customer satisfaction systems) and there is already – at least in some parts of this world – some limited but positive experience with ADR related to B2C Internet transactions.

Through ADR, consumers' concerns can be addressed fairly and in a timely manner. ADR allows both parties to avoid the delays and the costs of appealing to either a government administrative agency or the courts. In addition, the use of ADR avoids overburdening both administrative and judicial systems (even when small claims courts exist), while at the same time, in general, preserving the consumers' right to seek legal redress should they be dissatisfied with the results of the ADR process. Finally, ADR can be more flexible and creative in finding solutions that satisfy both parties, while consumer protection agencies and/or courts may offer only limited remedies in resolving disputes, particularly where those remedies are prescribed by law or regulations.

This GBDe paper has been written based on the practical experience of a vast number of companies and business associations, including private sector organizations offering online ADR systems, from all parts of the globe. Its content has been discussed and developed with contributions from governments and representatives of consumer organizations as well.

This paper makes recommendations to Internet merchants, ADR Service providers and governments. Guidance is given for the use and development of ADR systems, and recommendations are put forward for government policy actions geared at meeting the requirements of business for effective ADR and creating high levels of consumer confidence in e-commerce.

DEFINITIONS

The term “Alternative Dispute Resolution (ADR)” in these recommendations covers all methods of resolving disputes related to obligations resulting from contracts concluded “electronically” (primarily over the Internet) between professional sellers of goods or providers of services and final consumers (B2C), operated by impartial bodies other than courts of law.

ADR systems have been developed primarily by business organizations in order to provide speedier, more informed, and more cost-effective dispute resolution by experts than can be obtained through traditional civil court systems. In some countries, however, similar institutions have been created by or with the support of governments.

More specific distinctions within the ADR concept, such as “arbitration”, “mediation” and “conciliation/negotiation”, are often used interchangeably and without much

precision. Such distinctions may, however, be of relevance with regard to the role of the dispute settlement officer(s) in the process and the enforceability of the results.

“Arbitration” usually is a process whereby one or several independent arbiters invite the parties to submit the facts and their arguments (oral and/or written procedure) and finally decide on the basis of equity or law. The applicable law is often determined by an agreement between the parties. Arbitration is normally final and binding. To be internationally enforceable under the so-called “New York Convention”, certain criteria must be respected, but many countries have enacted this Convention with reservations, or indeed not at all.

“Mediation” normally is a process whereby a mediator simply passes the proposal of settlement to the other party and the counterproposal back to the first party until the two have reached agreement. He does not intervene in the negotiations but registers only the final agreement. The successful results of mediation are legally a contract and are enforceable in this capacity.

“Conciliation/negotiation” normally is a process whereby an independent conciliator actively guides the parties towards a fair compromise. This process does not develop in a legal vacuum, but need not investigate in detail the applicable law. The parties’ understanding of the legal rights and obligations (which may be conflicting) certainly plays a role, but equity might be the deciding factor. If the (final) conciliation proposal meets the agreement of both parties it becomes a contract and is enforceable in this capacity. If the parties do not agree on any compromise, they are free to go to court.

Purely internal dispute settlement services that are offered by merchants as an after-sale service rooted in good commercial sense, rather than as an alternative to court procedures, may not provide sufficient guarantees of impartiality to assure consumers that they will be able to obtain redress in the event of a disagreement over a transaction. Of course, wherever possible, direct business/consumer resolution is and will be the preferred instruments for solving customer complaints in B2C Internet transactions. These services are referred to here as “customer satisfaction systems,” and they may become a step in the chain of redress, e. g. if customers wish to make use of ADR offered by the merchant, they may be invited to submit their complaint first to such a service (call centers, complaint services, etc.) before filing it with the ADR officer.

SCOPE

These recommendations deal exclusively with business-to-consumer (B2C) disputes in electronic commerce, where ADR is still relatively little known and practiced. Settlements of disputes resulting from business-to-business (B2B) transactions, both offline and online, will follow their own rules with a very high degree of party autonomy, mostly in the form of binding arbitration. The issues of consumer protection and consumer confidence are of no relevance in this context. Hence, there is neither a need to

develop new recommendations for B2B ADR, nor would it be appropriate to address any issues related to B2B under the same parameters as B2C dispute settlements.

A survey of ADR systems for B2C Internet transactions already functioning or in the process of being established shows that most of them are established upon the initiative of groups of business companies (including auditing firms, banks, insurance companies, law firms), business associations, institutes (including universities), or consumer organizations, often as independent businesses. They cover their costs by sponsor and user fees, sponsors being normally those merchants that offer the services of this specific ADR system to their customers. In some instances they are also offered government funds, notably to function as pilot projects. Although only theoretical today, one should not preclude ADR systems being established by individual merchants, if a sufficient degree of impartiality is guaranteed.

The recommendations to business contained in this paper are addressed both to Internet merchants who signal to their customers that they recommend submitting disputes to ADR, and to organizations that provide ADR as a service.

RECOMMENDATIONS TO INTERNET MERCHANTS

ENCOURAGE THE USE OF IN-HOUSE CUSTOMER SATISFACTION PROGRAMS

As a first and preferred remedy in any dispute, Internet customers should be offered access to in-house customer satisfaction systems. Depending on the type of transaction and the nature of the system, such approaches may serve as a valid alternative to ADR. For example, a merchant involved in the sale of low-priced merchandise might choose to offer an unconditional money-back guarantee to all customers rather than establishing an ADR system. In any event, it appears advisable to request that customers direct any complaint first to an in-house customer satisfaction system prior to taking advantage of any ADR mechanism.

Propose the possibility of ADR

Unless full customer satisfaction is guaranteed by in-house systems, customers of merchant websites used for B2C transactions should be notified that the merchant is ready to submit disputes resulting from online transactions to one or more specified ADR system. Information about dispute resolution via ADR should be provided as a part of the overall information, perhaps in the framework of a reference to a code of conduct (Trustmark) or as a part of the general sales conditions.

Inform about conditions of ADR

Potential customers should be informed about the conditions of access (online or other), the cost (free of charge, nominal fee, cost borne by the merchant, etc.), the legal nature of the ADR (arbitration, mediation, conciliation, negotiation, etc.) and of its outcome (binding/not binding/binding for the merchant; enforceable), and recourse to other instances, notably to law courts.

RECOMMENDATIONS TO ADR SERVICE PROVIDERS

IMPARTIALITY

The ADR personnel must be impartial, in order to guarantee that decisions are recognized as being made independently, thus strengthening the reputation and credibility of the organization providing ADR. Impartiality must be guaranteed by adequate arrangements, which may include measures such as the establishment of appropriately composed supervisory bodies or the appointment of dispute resolution officers according to specific criteria. Dispute resolution personnel must be insulated from pressure to favor merchants or consumers in resolving disputes. When the amount in dispute is important and/or when ADR is finally binding for both parties, even higher standards of transparency should be respected, including e.g. that the names of dispute resolution officers are made known to the parties, who should have the right to challenge them for cause.

QUALIFICATION OF ADR OFFICERS

Dispute resolution officers should have sufficient skills and training to fulfill the function in a satisfactory manner. Formal lawyer qualification and license should not be required.

Accessibility and Convenience

ADR systems must be easily accessible from each possible country. Online access might be the preferred choice. Requirements about the form of the submission of a case should be kept to the necessary minimum. Customers should receive maximum guidance in filling in and filing submissions. Appropriate solutions must also be found for any problems that may result from different languages used by the merchant, the ADR and the customer.

Speed

To be effective, ADR systems must resolve disputes quickly if they are to meet the needs of both consumers and businesses. In any case, they must be speedier than courts in providing satisfactory results.

LOW COST FOR THE CONSUMER

The ADR service should be provided to the consumer at no or only moderate cost, while taking into account the need to avoid frivolous claims. An impartial screening process provided by the ADR system could do this. Prior submission of a complaint to a customer satisfaction program will also permit an early assessment of the real nature of the claim.

In fact, the cost of ADR will be significantly lower for both consumers and businesses than formal administrative or legal actions. This is particularly true when costs are calculated in terms of both time and money and where formal actions involve time-consuming depositions, hearings, legal representation, and personal appearances requiring international travel.

Transparency

ADR systems should function according to published rules of procedure that describe unambiguously all relevant elements necessary to enable customers seeking redress to take fully informed decisions on whether they wish to use the ADR offered or address themselves to a court of law.

To ensure credibility and acceptance of an ADR system, information should include:

- the types of dispute which may be referred to the body concerned, as well as any existing restrictions in regard to territorial coverage and the value of the dispute;
- the rules governing the referral of the matter to the body, including any preliminary requirements that the consumer may have to meet (e. g. to attempt first to get redress through a customer satisfaction system offered by the merchant), as well as other procedural rules, notably those concerning the written or oral nature of the procedure, whether it is conducted exclusively or partly online, whether oral hearings are possible or required (separate of either party or jointly), attendance in person or possibilities of representation, and the languages of the procedure;
- the decision-making arrangements within the body and its governing structure
- public listing of its personnel, the selection process of dispute resolution officers for individual cases and the possibilities of challenging them by the parties;
- the possible cost of the procedure for the parties, including rules on the award of costs at the end of the procedure;
- the type of rules serving as the basis for the body's decisions (legal provisions, considerations of equity, codes of conduct, etc.);
- the manner of proceeding, whether decisions are made public, confidentiality of the handling of submissions and of proceedings;
- enforceability of agreed upon resolutions and any other possibilities of recourse.

The ADR provider should publish an annual report enabling a meaningful evaluation of decisions taken, while respecting the confidential nature of specific case information and data.

Adversarial procedure

The procedure followed should provide a reasonable opportunity, whether online or offline, for all parties concerned to present their viewpoints before the competent body and to hear the arguments and facts put forward by the other party, as well as any experts' statements.

Principle of representation

The ADR procedure should not deprive the parties of the right to be represented or assisted by a third party at all stages of the procedure.

Applicable Rules

One of the principal reasons why business, consumers and governments consider the development of ADR systems to be of such strategic importance for the enhancement of consumer trust in electronic commerce is that such systems can settle disputes in an adequate fashion without necessarily engaging in cumbersome, costly, and difficult

research on the detailed legal rules that would have to be applied in an official court procedure.

ADR dispute resolution officers may decide in equity and/or on the basis of codes of conduct or other rules, provided that this has been made sufficiently transparent. This flexibility as regards the grounds for ADR decisions provides an opportunity for the development of high standards of consumer protection worldwide.

Consumer Awareness

Consumers must have the choice between going to law courts and making use of ADR, including binding arbitration.

The decision taken by the dispute resolution officer(s) may be binding on the parties only if they were informed of its binding nature in advance and accepted this. Equally, the merchant shall not seek a commitment from the consumer to use binding arbitration prior to the materialization of the dispute, where such commitment would have the effect of depriving the consumer of the right to bring an action before the courts.

RECOMMENDATIONS TO GOVERNMENTS

Studies on the legal frameworks for ADR have demonstrated that they are fragmented between international conventions and legal instruments at several levels (federal/state, Community/national, etc.). As a consequence, ADR systems conceived for worldwide application must respect a number of – not always compatible – conditions. Several of these elements can be easily accommodated, like the requirement that a valid agreement to submit a dispute to ADR would have to be entered into only after the dispute has arisen. Other elements are more problematic to accommodate, e. g. that certain national laws on encryption or authentication inhibit the proper level of confidentiality and security in online proceedings, or that some national laws do not permit the conclusion of contracts online.

On the other hand, many governments are on record that they share the GBDe position that ADR is an essential element for the proper functioning of e-commerce and for the enhancement of consumer confidence in this medium. Hence, the GBDe expects governments to adopt policy stances in line with this goal:

International rules on competent forum and applicable law

Although ADR can provide appropriate solutions for many disputes, it must be recognized that even in the most ideal of worlds a certain number of disputes will still end up in court. Therefore, and also because these questions may still be posed in some ADR systems, GBDe wishes to state clearly that questions of jurisdiction and applicable law in electronic commerce still need to be dealt with urgently and in a manner that encourages both business investment and consumer trust in electronic commerce. The GBDe position on this was expressed in the “Paris Recommendations” of the “Jurisdiction” Working Group last year.

Encourage the use of customer satisfaction systems and of ADR

Actively promote public awareness of ADR systems and their role in resolving B2C commercial disputes. Acknowledge the continuous efforts by companies to set up customer satisfaction systems, which should be used first before starting either ADR or court proceedings against a merchant. Likewise, policies should encourage consumers to use available ADR systems instead of or before seeking recourse to courts.

Education and Training

Support and promote educational activities of ADR officers by ADR system providers.

No discrimination between different ADR systems

Permit and promote the development of ADR systems by the private sector, without giving preference to public systems or discriminating between those offered by a third party, including consumer organizations, or by merchants or organizations of merchants directly. Achieving a sustainable level of competition among ADR providers and achieving reciprocal agreements among these should be a priority.

No mandatory criteria or accreditation systems

Refrain from imposing mandatory national or regional accreditation systems, or criteria for self regulation, or guidelines, which distort competition between national and international ADR systems. Promote the development of international self-regulatory principles and rules that could be the basis for merchants' and ADR providers' declarations of compliance.

ADR on the basis of equity or codes of conduct

Allow ADR systems to function on the basis of equity, codes of conduct, or other rules agreed by the parties. It should not be required that dispute resolution officers necessarily have formal lawyer qualification and license. In some countries, mediation/arbitration processes are legally regulated to be conducted solely by licensed lawyers, but deregulation and an appropriate legal framework should be aimed for.

Global access to and application of ADR

Promote the development of globally applicable ADR systems, and take an international perspective on ADR by working with other governments and international organizations.

Application of modern technologies in ADR

Refrain from creating obstacles for the innovative use of technology to settle consumer disputes and eliminate obstacles, resulting primarily from legislation on authentication and security, to the application of an appropriate level of confidentiality and security in online ADR.

Binding Arbitration in B2C disputes should be possible in certain cases

Make it possible for consumers to subscribe, voluntarily, to binding arbitration excluding recourse to courts. This may not be the preferred standard clause in ADR agreements, but

could be of interest to both consumers and merchants in certain cases. In this context, the New York convention should be adjusted to the requirements of online commerce.

Procedural and form requirements for ADR should be kept to a minimum

Eliminate requirements in some legislation that ADR must follow nearly the same procedural requirements, as would the court system. The same applies to certain form requirements that may impede the use of ADR in the online context. The parties to an ADR case should be free to structure the proceedings, as they desire, as long as there is full transparency and information about the consequences.

Adjust offline ADR requirements to the online context

Remove inhibitions in national legislation or international conventions to conclude contracts – including dispute resolution clauses – online and adjust existing legal and political frameworks for offline ADR to online requirements.

Policy cooperation between public and private sector

Ensure close cooperation between the public and private sector to maintain a balance in achieving a satisfactory variety of ADR systems, which reflect consumer and business needs and are easily understood by the customer.

ANNEX 1

EXISTING DISPUTE RESOLUTION MECHANISMS

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Service	URL	Sector	Type of service	Geographic origin	B2C	Geographic Scope
BBBOnline	http://bbbonline.com/business/privacy/dr/index.html	Generic	Arbitration	US	Yes	No geographical restrictions
ClickNsettle	http://www.clicknsettle.com/	Generic	Negotiation	US	Yes	No geographical restrictions
Cybercourt	Http://www.cybercourt.org/	Generic	Mediation	Germany	Yes	No geographical restrictions
Disputes.org/ E-resolution	http://www.disputes.org/ http://www.eresolution.org/	Domain name	Arbitration	Canada/ US Canada	Yes	No geographical restrictions
Online Ombuds Office	http://128.119.199.27/center/ombuds	Generic	Mediation	US	Yes	No geographical restrictions
Squaretrade	http://www.transecure.com/ http://squaretrade.com	Generic	Mediation	US	Yes	No geographical restrictions
European Advertising Standards Alliance	http://www.easa-alliance.org http://www.easa-alliance.org/	Advertising/content	--	EU-wide	Yes	EU
WebAssured	www.webassured.com		Mediation/ Arbitration		Yes	No geographical restrictions

1. BBBOOnline

General information about the service

Name of service:	BBBOOnline Online Privacy Program Dispute Resolution Process	
Objective:	Provides for review of an eligible complaint by the Privacy Policy Review Service	
Date of implementation:	February 11, 1999	
Scope of the service	Geographic	
	Sector	Online Privacy
	Types of cases	Cases treating the misuse of information
	Other	
Entity hosting service:	BBBOOnline, Inc. – a subsidiary of the Council of Better Business Bureaus, Inc.	
Service is financed through:	BBBOOnline	
Type of service:	Arbitration	

Procedure

Basis for procedure	Obligatory, after Claimant contacts BBBOOnline and submits a complaint concerning a misuse of personal information.
Contained in:	BBBOOnline.com web site
Means of initiation:	Internet
Means by which the procedure is carried out	Internet
Who can initiate the procedure?	Any user whose personal information was collected through a web site or an online service and used with a manner inconsistent with the site's published online privacy policies
Preconditions	The user must first try to resolve the complaint with the organization or individual s/he complained about and not to be successful. The PPRS has to verify the identity of the Plaintiff.
Describe the most important stages of the dispute procedure:	<p>Step 1 Intake staff records basic information from the individual and determines whether the contact is a general question or a potential complaint and will then handle the matter accordingly. First it is determined if the potential respondent is a seal participant or not, and if it is not, whether it has an acceptable dispute resolution program. If it does have such a program, the individual will be referred to that program. If it does not, the intake staff will proceed with processing of the complaint.</p> <p>Step 2 If the respondent has not made an attempt to resolve the complaint with the organization s/he will be asked to try to resolve it. After docketing a complaint as a case, PPRS shall forward the complaint to the respondent and request an answer. The respondent has 15 business days after the receipt of the complaint to submit a substantial written answer.</p> <p>Step 3 When the respondent submits a substantial written answer, PPRS will forward it to the complainant. The complainant has 10 business days after the receipt of the answer to submit a written reply to the answer. The reply is forwarded to the respondent, who has 10 business days to respond.</p> <p>Step 4 PPRS shall formulate the judgment on the merits of the case in a statement of "findings, recommendations and conclusions" including any necessary corrective action and a time frame for such action. It shall complete this statement within 15 business days of its receipt of the last document.</p>
Describe important timelines during the procedure	The respondent has 15 business days after the receipt of the complaint to submit a substantial written answer. The complainant has 10 business days after the receipt of the answer to submit a written reply to the answer. PPRS has 15 business days since the receipt of the last document to formulate the judgement.
Is there any cost to the consumer?	--
What is the name/title of the instance/person addressing the dispute ("dispute handler")?	--

Dispute handler	<i>How is it ensured that the dispute handler is qualified?</i>	--
	<i>Who appoints the dispute handler?</i>	--
	<i>Is any degree of independence from the parties guaranteed, and if so how?</i>	--
	<i>Can the dispute handler be challenged?</i>	--
	<i>Can the dispute handler resign due to conflict of interest?</i>	--
<i>Are the proceedings confidential?</i>		The PPRS will maintain a record of proceedings but it will be treated as confidential.
<i>Is the dispute handler required to provide a written decision?</i>		PPRS provides a copy of the judgment statement to the respondent.
<i>Does the service provide a possibility to appeal? To whom can the appeal be made?</i>		A seal participant may appeal a PPRS final decision by submitting to PRAB a letter requesting an appeal.
<i>Is resort to the courts excluded?</i>		--
<i>Is the outcome of the procedure intended to be binding?</i>		Yes.
<i>Is the outcome executable/enforceable and if so how?</i>		Yes. To the extent that it is binding it is also enforceable.
<i>Are there consequences for non-compliance with the outcome?</i>		In case of non-compliance, PPRS refers the case to the appropriate government agency
<i>Can the procedure take place simultaneously with other procedures concerning the same conflict?</i>		Unless both parties agree PPRS shall not consider a claim currently under litigation or subject of any other adjudicatory process.
<i>Are group actions possible? If so, how?</i>		--
<i>Comments:</i>		--
Contact info	<i>Name</i>	BBBOnLine
	<i>e-mail</i>	
	<i>URL</i>	http://bbbonline.com
	<i>Telephone/fax</i>	Tel: 888 679-3353

2. ClickNsettle

General information about the service

Name of service:		ClickNsettle
Objective:		ClickNsettle offers an online computer assisted method for settling disputes by giving its users the power to negotiate settlements with total confidentiality.
Date of implementation:		<i>June 1999</i>
Scope of the service	Geographic	<i>No geographical restrictions</i>
	Sector	<i>Cases involving every area of law</i>
	Types of cases	All kinds of disputes
	Other	
Entity hosting service:		Clicknsettle.com, a wholly owned subsidiary of NAM, a national provider of arbitration and mediation services.
Service is financed through:		User fees
Type of service:		Negotiation

Procedure

Basis for procedure	Voluntary: A dispute becomes available for settlement through ClickNsettle when a user registers and submits a case on the ClickNsettle system.
Contained in:	Clicknsettle.com web site
Means of initiation:	Internet
Means by which the procedure is carried out	Internet: Settlement offers or demands are posted to ClickNsettle's web site using ordinary Internet access.
Who can initiate the procedure?	A dispute becomes available for settlement through ClickNsettle when a user registers and submits a case on the ClickNsettle system.
Preconditions	In order to negotiate on Clicknsettle.com the user must have an approved account with Clicknsettle.com or provide credit card information.
Describe the most important stages of the dispute procedure:	<p>Step 1 A user registers and submits a case to ClickNsettle and he and his adversary will have 60 days to negotiate. Each party can make an unlimited number of offers or demands. The settlement offers will be deemed to have expired if after 60 days no settlement has been reached.</p> <p>Step 2 ClickNsettle will notify the opposing party by e-mail that an offer or demand has been entered by the submitting party. The opposing party will be invited to respond to the initial offer or demand.</p> <p>Step 3 Each party can make an unlimited number of settlement offers or demands. Each time a party enters a new bid, the ClickNsettle system will immediately compare it to the last amount submitted by the opposing party. The case will settle at the midpoint between the bids whenever the claimant's case demand is within 30% of the defendant's offer. If a settlement is reached, Claimant agrees to furnish the Defendant with a release, stipulation of discontinuance and any other closing documents necessary to complete the settlement of this claim.</p> <p>If no settlement is reached in the ClickNsettle process, the parties have given up no negotiating leverage because the settlement offers are never revealed.</p> <p>Settlement formula:</p> <ul style="list-style-type: none"> • If the demand is less than the last offer, the case will settle for the amount of the demand. • If the demand is within 30% of the last offer, the case settles for the midpoint between the two amounts. • If the demand is more than 30% higher than the last offer, the case will not settle and will remain active until the termination date.
Describe important timelines during the procedure	Only a negotiating period of 60 days. The service is open 24 hours a day, seven days a week. Information travels instantaneously. The process can be completed in a matter of hours.
Is there any cost to the consumer?	The submitting party shall pay \$15.00 submission fee to enter the case into the system. For each offer or demand entered during the first 20 days, each party pays \$10.00 per offer or demand. During the next 20 days of the negotiation period each party pays \$15.00 per offer of demand and during the last 20 days \$20.00 per offer or demand.
What is the name/title of the instance/person addressing the dispute ("dispute handler")?	ClickNsettle provides an automated program that instantly matches offers with demands.
How is it ensured that the dispute handler is qualified?	--
Who appoints the dispute handler?	--

Dispute handler	Is any degree of independence from the parties guaranteed, and if so how?	--
	Can the dispute handler be challenged?	--
	Can the dispute handler resign due to conflict of interest?	--
Are the proceedings confidential?		<i>Offers and demands are completely confidential.</i>
Is the dispute handler required to provide a written decision?		When a settlement is reached both parties are notified by e-mail.
Does the service provide a possibility to appeal? To whom can the appeal be made?		--
Is resort to the courts excluded?		Any settlement reached by the parties shall constitute a bar to any further claim or cause of action relating to or arising out of the facts and circumstances of the subject case. The Claimant agrees to furnish the Defendant with a release and this prohibits him from suing the Defendant for the same dispute or controversy, unless the Defendant fails to pay funds. If no settlement is reached in the ClickNsettle process, both parties are free to continue with traditional litigation methods.
Is the outcome of the procedure intended to be binding?		The parties agree to be legally bound by any settlement reached through Clicknsettle.com.
Is the outcome executable/enforceable and if so how?		To the extent that the agreement is contractually binding it is also enforceable.
Are there consequences for non-compliance with the outcome?		The system does not prescribe any consequences for non-compliance with the settlement. General contract law prescribes consequences for breach of contract.
Can the procedure take place simultaneously with other procedures concerning the same conflict?		Yes. Any verdict, judgment or court order dismissing the claim being negotiated or determining liability and awarding damages which is rendered prior to a settlement reached during negotiations shall terminate all settlement offers and demands, and such settlement shall have no legal effect upon the parties.
Are group actions possible? If so, how?		?
Comments:		
Contact info	Name	ClickNsettle
	e-mail	Info@clicknsettle.com
	URL	Http://www.clicknsettle.com
	Telephone/fax	Tel.877-ESETTLE Fax(516)829-4384

3. Cybercourt

General information about the service

Name of service:	<i>Cybercourt.org</i>
Objective:	Provides an online dispute resolution mechanism.
Date of implementation:	<i>The service is in an experimental stage, currently looking for sponsors.</i>
Scope of the service	Geographic

	Sector	<i>Disputes arising from online activity</i>
	Types of cases	Online banking, Teleservices, Insurance
	Other	
Entity hosting service:		Cybercourt.org owned by Gesellschaft für Computerrecht e. V.
Service is financed through:		Sponsors and user fees
Type of service:		Mediation

Procedure

Basis for procedure		Voluntary, one party submits a case concerning an online activity and the opposing party has to agree to resolve the dispute through Cybercourt
Contained in:		Cybercourt.org web site
Means of initiation:		Internet
Means by which the procedure is carried out		<i>Internet, teleconferencing</i>
Who can initiate the procedure?		<i>Anyone who has a case concerning the online activity (the parties might chose to remain anonymous)</i>
Preconditions		<i>The submitting party has to send an e-mail to the Cybercourt with the description of the case.</i>
Describe the most important stages of the dispute procedure:		<p><i>Step 1</i> <i>A party submits the case by sending an e-mail to the Cybercourt with the description of the case. The Cybercourt sends a notification to the opposing party and asks for its participation in the dispute resolution.</i></p> <p><i>Step 2</i> <i>The Cybercourt judge opens the case and explains the procedure and rules to the participants.</i></p> <p><i>Step 3</i> <i>The parties present their points of view on the case, which are collected and summarized by the Mediator</i></p> <p><i>Step 4</i> <i>The parties present all the evidence relevant to the case and call their experts who voice opinions on the particular issues in the dispute.</i></p> <p><i>Step 5</i> <i>The two parties develop the possibilities of a solution. It is supposed to be a win-win solution.</i></p> <p><i>Step 6</i> <i>A solution is agreed upon and written down.</i></p>
Describe important timelines during the procedure		--
Is there any cost to the consumer?		Party who initiated the process pays the Judge. The cost is set within the normal acceptable wage of the Internet Hotlines.
Dispute handler	What is the name/title of the instance/person addressing the dispute ("dispute handler")?	<i>Judge and Mediator</i>
	How is it ensured that the dispute handler is qualified?	<i>Judge has to be a lawyer specializing in the domain which is essential to the case.</i>
	Who appoints the dispute handler?	--
	Is any degree of independence from the parties guaranteed, and if so how?	--

	Can the dispute handler be challenged?	--
	Can the dispute handler resign due to conflict of interest?	--
	Are the proceedings confidential?	<i>Yes, all the proceedings are confidential</i>
	Is the dispute handler required to provide a written decision?	Yes.
	Does the service provide a possibility to appeal? To whom can the appeal be made?	--
	Is resort to the courts excluded?	No, since the Cybercourt has mainly an advisory role.
	Is the outcome of the procedure intended to be binding?	The procedure will not be binding unless the parties agree otherwise. The outcome will be binding only upon an agreement between the two parties.
	Is the outcome executable/enforceable and if so how?	To the extent that an agreement is contractually binding it is also enforceable.
	Are there consequences for non-compliance with the outcome?	The system does not prescribe any consequences for non-compliance with the outcome.
	Can the procedure take place simultaneously with other procedures concerning the same conflict?	Yes, since the Cybercourt performs strictly an advisory role.
	Are group actions possible? If so, how?	--
	Comments:	--
Contact info	Name	Cybercourt
	e-mail	Mail@cybercourt.de
	URL	http://www.cybercourt.org
	Telephone/fax	

4. Cybersettle

General information about the service

Name of service:		Cybersettle
Objective:		Cybersettle is an interactive service that provides confidential, automated, online dispute resolution for users.
Date of implementation:		August 1998
Scope of the service	Geographic	<i>No geographic restriction</i>
	Sector	<i>Insurance claims</i>
	Types of cases	
	Other	
Entity hosting service:		Cybersettle.com, Inc.
Service is financed through:		User fees
Type of service:		Negotiation

Procedure

Basis for procedure	Voluntary: A dispute becomes available for settlement through Cybersettle when a user registers and submits a claim on the Cybersettle system.									
Contained in:	Cybersettle.com web site									
Means of initiation:	Internet									
Means by which the procedure is carried out	Internet: Settlement offers or demands are posted to Cybersettle's web site using ordinary Internet access. The users are supplied with a Cybersettle case number, password and information package by fax or mail.									
Who can initiate the procedure?	<i>Anyone who wishes to settle the dispute through Cybersettle.</i>									
Preconditions	<i>A user has to register and submit the claim on the Cybersettle system.</i>									
Describe the most important stages of the dispute procedure:	<p>Step 1 A user registers and enters three rounds of offers. The claim will settle if the offer and demand are within a predetermined formula (within 30% or \$5000 of the demand). Cybersettle calculates the maximum settlement amount for each round prior to submission. (Offers and demands are never revealed to the other side).</p> <p>Step 2 Claim is submitted. Cybersettle contacts the plaintiff's attorney (e-mail, fax, phone, mail) notifying them that the claim is online and asking them to settle it.</p> <p>Step 3 Plaintiff logs in and submits up to 3 rounds of demands. The offer and demand are only compared within a given round. For example, the sponsor's round 1 offer is compared only to the claimant's round 1 demand. When demand and offer are within the settlement formula, typically, 30% or \$5000 of the claimant's demand, the claim immediately settles for the median amount.</p>									
Describe important timelines during the procedure	<i>The system does not specify any fixed timelines.</i>									
Is there any cost to the consumer?	<p>Bodily Injury, Medical Malpractice and Worker's Compensation Cases:</p> <table style="margin-left: 20px;"> <tr> <td>Under \$5000</td> <td style="text-align: center;">-</td> <td style="text-align: right;">\$100</td> </tr> <tr> <td>\$5000-\$10000</td> <td style="text-align: center;">-</td> <td style="text-align: right;">\$150</td> </tr> <tr> <td>Over \$10000</td> <td style="text-align: center;">-</td> <td style="text-align: right;">\$200</td> </tr> </table> <p>Lien Cases: \$50</p>	Under \$5000	-	\$100	\$5000-\$10000	-	\$150	Over \$10000	-	\$200
Under \$5000	-	\$100								
\$5000-\$10000	-	\$150								
Over \$10000	-	\$200								
What is the name/title of the instance/person addressing the dispute ("dispute handler")?	<i>Cybersettle provides an automated program, which matches the offers with the demands.</i>									

Dispute handler	How is it ensured that the dispute handler is qualified?	--
	Who appoints the dispute handler?	--
	Is any degree of independence from the parties guaranteed, and if so how?	--
	Can the dispute handler be challenged?	--
	Can the dispute handler resign due to conflict of interest?	--
Are the proceedings confidential?		Cybersettle's database system is highly secure. Each case is password-protected to ensure privacy and prevent unauthorized access. No strategies, evaluations, or other work products are disclosed. Offers and demands are not revealed at any time to anyone and additionally they are encrypted with a 128-bit SSL encryption to insure confidentiality.
Is the dispute handler required to provide a written decision?		When a settlement is reached both parties are notified.
Does the service provide a possibility to appeal? To whom can the appeal be made?		--
Is resort to the courts excluded?		If a settlement is not reached in three rounds the parties are free to negotiate independently to resolve the claim. Since no offer or demand is ever revealed to the opposing party, future negotiations are not affected.
Is the outcome of the procedure intended to be binding?		--
Is the outcome executable/enforceable, and if so how?		--
Are there consequences for non-compliance with the outcome?		The system does not prescribe any consequences for non-compliance with the settlement. General contract law prescribes consequences for breach of contract.
Can the procedure take place simultaneously with other procedures concerning the same conflict?		--
Are group actions possible? If so, how?		--
Comments:		<i>On February 29, 2000 Cybersettle.com announced its newly formed strategic alliance with insure.com, the Internet's leading consumer insurance information site</i>
Contact info	Name	Cybersettle
	e-mail	SUPPORT@CYBERSETTLE.COM
	URL	Http://www.cybersettle.com
	Telephone/fax	Tel: 888-702-6300

5. Disputes.org/eResolution.ca

General information about the service

Name of service:	<i>Disputes.org/eResolution.ca</i>
Objective:	Disputes.org/eResolution.ca is a dispute resolution provider for domain name disputes.
Date of implementation:	January 1, 2000
Scope of the service	Geographic <i>No geographical restrictions</i>

Sector	<i>Domain name disputes</i>
Types of cases	Cases about domain names
Other	<i>Only complaints that concern a .com, .org or .net domain name</i>
Entity hosting service:	Disputes.org/eResolution.ca, accredited by ICANN.
Service is financed through:	<i>User fees and sponsors</i>
Type of service:	Arbitration

Procedure

Basis for procedure	A dispute becomes available for resolution through Disputes.org/eResolution.ca when a complainant initiates an administrative proceeding by submitting a complaint on the system. Pursuant to the agreement that was signed when the domain name holder registered the domain name, s/he must participate in the online arbitration.
Contained in:	Disputes.com/eResolution.ca web site
Means of initiation:	Internet
Means by which the procedure is carried out	<i>Internet: complaint and response are posted to the web site using ordinary Internet access.</i>
Who can initiate the procedure?	<i>Anyone, as long as the complaint concerns a .com, .org or .net domain name.</i>
Preconditions	--
Describe the most important stages of the dispute procedure:	<p>Step 1 A person submits a complaint and provides the names and contact details of three candidates to serve as one of the panelists in case s/he chooses for a three-member panel.</p> <p>Step 2 The provider shall forward the complaint to the respondent, who shall submit a response. If respondent does not submit a response, the panel shall decide the dispute based upon the complaint.</p> <p>Step 3 In case of a single-member panel the provider shall appoint the panelist from its list of panelists. In case of a three-member panel each party may provide the names of three candidates to serve as one of the panelists and the provider shall appoint the third panelist. The panel shall forward a decision within fourteen days of its appointment.</p>
Describe important timelines during the procedure	<i>Within 20 days of the date of commencement of the administrative proceeding the respondent shall submit a response to the provider. Within fourteen days of its appointment, the panel shall forward its decision. A decision will be rendered in less than 60 days of the submission of the complaint.</i>
Is there any cost to the consumer?	The complainant has to pay all the fees ranging from \$ 750 to \$ 3500 depending to panel composition and number of domain names in dispute. Only when complainant has chosen a single-member panel and respondent a three-member panel, the fees have shall be shared equally between the parties.
What is the name/title of the instance/person addressing the dispute ("dispute handler")?	<i>An arbitration panel will decide on the domain name dispute.</i>
How is it ensured that the dispute handler is qualified?	<i>To be considered for the lists of panelist, composed by Disputes.org/eResolution.ca, one has to possess both expertise in the general principles of international trademark law, as well as depth of experience with the Internet and the nature of disputes that can arise in regard to domain names.</i>
Who appoints the dispute handler?	<i>In case of a single-member panel the provider will appoint the panelist. In case of a three-member panel, each party may provide the names of three candidates to serve as one of the panelists and the provider appoints the third panelist.</i>

Dispute handler	Is any degree of independence from the parties guaranteed, and if so how?	<i>Every panelist must demonstrate that he or she is impartial. The system does not prescribe how exactly.</i>
	Can the dispute handler be challenged?	<i>Any panelist can be recused if there are circumstances, which raise serious doubts about his or her impartiality or independence.</i>
	Can the dispute handler resign due to conflict of interest?	<i>If at any stage circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the panelist, that panelist shall promptly disclose such circumstances to the provider, who shall have the discretion to appoint a substitute panelist.</i>
Are the proceedings confidential?		<i>The information that a user enters on any Disputes.org/eResolution.ca form may be transmitted to the other parties involved in the conflict. The provider publishes the full decision on a publicly accessible web site.</i>
Is the dispute handler required to provide a written decision?		The panel's decision is always in writing.
Does the service provide a possibility to appeal? To whom can the appeal be made?		<i>If a party disagrees with the decision of the panel it can submit the dispute to a court of competent jurisdiction.</i>
Is resort to the courts excluded?		No. The mandatory administrative proceeding requirements shall not prevent parties from submitting the dispute to a court of competent jurisdiction for independent resolution before such administrative proceeding is commenced or after such proceeding is concluded.
Is the outcome of the procedure intended to be binding?		--
Is the outcome executable/enforceable, and if so how?		Disputes.org/eResolution.ca will notify ICANN and the registrar of the decision, who is responsible for enforcing the decision.
Are there consequences for non-compliance with the outcome?		--
Can the procedure take place simultaneously with other procedures concerning the same conflict?		In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain-name dispute that is the subject of the complaint, the panel shall have the discretion to decide whether to suspend or terminate the administrative proceeding or to proceed to a decision.
Are group actions possible? If so, how?		--
Comments:		
Contact info	Name	Disputes.org/eResolution.ca
	e-mail	Katsh@legal.umass.edu
	URL	www.disputes.org OR www.eResolution.com
	Telephone/fax	Tel.:413-545-5879 Fax: 603-676-5752

6. Online Ombuds Office

General information about the service

Name of service:		Online Ombuds Office
Objective:		Online Ombuds Office offers an online mediation service for settling disputes.
Date of implementation:		June 1996
Scope of the service	Geographic	No geographical restrictions
	Sector	<i>Mainly disputes arising from online activity, but any kind of dispute may be settled.</i>

	Types of cases	<i>Mainly disputes arising from online activity, but any kind of dispute may be settled.</i>
	Other	
Entity hosting service:		Online Ombuds Office, the dispute resolution arm of the Center for Information Technology and Dispute Resolution
Service is financed through:		--
Type of service:		Mediation

Procedure

Basis for procedure		Voluntary: A dispute becomes available for settlement through Online Ombuds Office when a user registers a dispute on the Online Ombuds Office system.
Contained in:		Online Ombuds Office web site
Means of initiation:		Internet
Means by which the procedure is carried out		<i>Internet and e-mail: contact between parties and mediators runs through e-mail.</i>
Who can initiate the procedure?		<i>Anyone who wishes to settle his dispute through Online Ombuds Office mediation service.</i>
Preconditions		<i>Assent to the user agreement of Online Ombuds Office</i>
Describe the most important stages of the dispute procedure:		<p>Step 1 <i>A party to a dispute asks the Online Ombuds Office to take steps to facilitate agreement by the parties involved.</i></p> <p>Step 2 <i>If both parties are cooperating in using Online Ombuds Office, an ombudsperson will be assigned, who contacts parties via e-mail.</i></p> <p>Step 3 <i>Both parties give information about the dispute and the ombudsperson will assist them in reaching a settlement.</i></p>
Describe important timelines during the procedure		<i>No fixed timelines.</i>
Is there any cost to the consumer?		No fees have to be paid.
Dispute handler	What is the name/title of the instance/person addressing the dispute ("dispute handler")?	<i>Ombudsperson or mediator.</i>
	How is it ensured that the dispute handler is qualified?	<i>The Online Ombuds Office will provide the mediator. According to the user agreement, the Online Ombuds Office should provide trained, experienced mediators.</i>
	Who appoints the dispute handler?	<i>Online Ombuds Office provides the mediator. The system does not describe who appoints the mediator.</i>
	Is any degree of independence from the parties guaranteed, and if so how?	--
	Can the dispute handler be challenged?	--
	Can the dispute handler resign due to conflict of interest?	--
Are the proceedings confidential?		<i>Online Ombuds Office will make every effort to keep communications between ombudsperson and disputant confidential.</i>
Is the dispute handler required to provide a written decision?		By agreement of the parties a settlement agreement document may be drafted as part of the conclusion of mediation.
Does the service provide a possibility to appeal? To whom can the appeal be made?		--

Is resort to the courts excluded?	--
Is the outcome of the procedure intended to be binding?	The ombudsperson does not make final decisions. The outcome of the mediation is a possible settlement agreement, which binding effect depends on the agreements terms made by the parties.
Is the outcome executable/enforceable, and if so how?	To the extent that the agreement is contractually binding it is also enforceable.
Are there consequences for non-compliance with the outcome?	The system does not prescribe any consequences for non-compliance with the settlement. General contract law prescribes consequences for breach of contract.
Can the procedure take place simultaneously with other procedures concerning the same conflict?	--
Are group actions possible? If so, how?	--
Comments:	--
Contact info	Name e-mail URL Telephone/fax
	Online Ombuds Office
	--
	Http://128.119.199.27/center/ombuds
	--

7. SquareTrade

General information about the service

Name of service:	<i>SquareTrade</i>	
Objective:	Provide online mediation in the e-commerce transaction disputes.	
Date of implementation:	August 1999	
Scope of the service	Geographic	<i>No geographic restrictions</i>
	Sector	<i>E-commerce cases</i>
	Types of cases	Commercial and Consumer Disputes B2B exchanges (e.g. eBay, Oniva)
	Other	
Entity hosting service:	SquareTrade	
Service is financed through:	<i>1. Subscription fees from sealholders 2. Users fees for mediation services 3. Marketplace licenses</i>	
Type of service:	Mediation/Negotiation	

Procedure

Basis for procedure	Voluntary: A dispute becomes available for settlement through SquareTrade when a user registers and submits the case on the SquareTrade system.
Contained in:	Transecure.com web site
Means of initiation:	Internet
Means by which the procedure is carried out	Through ordinary Internet access.
Who can initiate the procedure?	<i>Any buyer or seller can file a complaint about any transaction.</i>
Preconditions	<i>A user has to fill out and submit an electronic form.</i>

Describe the most important stages of the dispute procedure:	<p>Step 1: Filing the case on the SquareTrade Website A buyer or seller files a complaint on SquareTrade website by filling out a simple electronic form that helps identify what happened and possible resolutions.</p> <p>Step 2: Notifying the other party Once a case is filed, the SquareTrade system automatically generates an email, notifying the respondent of the case filed and provides instruction on responding to the case. The case and related responses appear on a password protected Case Page hosted by SquareTrade, that both parties can access.</p> <p>Step 3: Direct Negotiation Once both parties are aware of the dispute, they can try to solve the problem themselves, using SquareTrade's technology and processes to guide them = Direct Negotiation, this is currently free of charge to all users.</p> <p>Step 4: Mediation If the parties cannot resolve the case through Direct Negotiation, they can request the assistance of a Mediator in developing a fair, mutually agreeable resolution. The parties may ask the mediator to recommend a resolution. The resolution and the reasoning behind it are communicated to both parties.</p> <p>Step 5: The case is resolved The parties may either reach a <u>Settlement Agreement</u> independently during Direct Negotiation, or with the assistance of a SquareTrade Mediator.</p>	
Describe important timelines during the procedure	<i>Typically the dispute resolution lasts for 3 – 14 days.</i>	
Is there any cost to the consumer?	<p>Direct Negotiation: Free of Charge</p> <p>SquareTrade Mediator: \$20 to filer plus a .05% of the value of the transaction</p> <p>eBay users are charged a \$15 fee (eBay currently Subsidizes the dispute fee)</p>	
Dispute handler	What is the name/title of the instance/person addressing the dispute (“dispute handler”)?	<i>SquareTrade Mediator</i>
	How is it ensured that the dispute handler is qualified?	<i>All of the SquareTrade Mediators have the formal training and experience in mediation in the off-line world. They receive training in online dispute resolution and are experts in SquareTrade’s case management process.</i>
	Who appoints the dispute handler?	<i>SquareTrade Mediators provide the dispute handler, however, the system does not specify who appoints the mediator.</i>
	Is any degree of independence from the parties guaranteed, and if so how?	<i>SquareTrade Mediators are supposed to be independent and impartial. Neither SquareTrade, nor Mediators ever profit from any particular decision.</i>
	Can the dispute handler be challenged?	--

Can the dispute handler resign due to conflict of interest?	--
Are the proceedings confidential?	SquareTrade uses industry standard efforts to safeguard the confidentiality of the personal identifiable information, such as encryption and Secure Socket Layers. SquareTrade has security measures in place to protect the loss, misuse, or alteration of any information under our control. However, "perfect security" does not exist on the Internet.
Is the dispute handler required to provide a written decision?	--
Does the service provide a possibility to appeal? To whom can the appeal be made?	--
Is resort to the courts excluded?	When the parties engage in the SquareTrade process, they retain all rights to pursue recourse through traditional methods.
Is the outcome of the procedure intended to be binding?	Unless agreed upon, the mediation is not binding.
Is the outcome executable/enforceable, and if so how?	To the extent that an eventual agreement is contractually binding it is also enforceable.
Are there consequences for non-compliance with the outcome?	The system does not prescribe any consequences for non-compliance with the outcome.
Can the procedure take place simultaneously with other procedures concerning the same conflict?	--
Are group actions possible? If so, how?	--
Comments:	
Contact info	Name e-mail URL Telephone/fax
	SquareTrade <i>Stephanie@squaretrade.com</i> http://www.squaretrade.com Tel.: +1/415/541-1016 Fax: +1/415/541-1001

8. European Advertising Standards Alliance

General information about the service

Name of service:	<i>European Advertising Standards Alliance (EASA)</i>	
Objective:	To regulate cross-border advertising complaints.	
Date of implementation:	1992	
Scope of the service	Geographic	<i>Europe (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Russia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom) South Africa, New Zealand</i>
	Sector	<i>Cross-border disputes concerning advertising</i>
	Types of cases	
	Other	
Entity hosting service:	European Advertising Standards Alliance	
Service is financed through:		
Type of service:	<i>Mediation (Coordination of Self-regulatory bodies)</i>	

Procedure

Basis for procedure		Voluntary, after a complaint is recorded by Self-Regulatory Organisation (SRO) and it has appeared in Media originating in another country it will be transferred to appropriate SRO in Country of Origin of the Media and EASA will be informed.
Contained in:		
Means of initiation:		<i>Fax, Mail</i>
Means by which the procedure is carried out		Fax, Mail, Telephone
Who can initiate the procedure?		<i>Anyone who believes to have a cross-border complaint concerning the media and who complains to a SRO (SROs forward the complaint to EASA)</i>
Preconditions		<i>The filled complaint must be cross-border and concerning media.</i>
Describe the most important stages of the dispute procedure:		<p>Step 1 EASA is informed about the complaint through a Self-Regulatory Organization and examines if the complaint is one of substance.</p> <p>Step 2 The complaint is investigated for the evidence of deliberately unethical, dishonest or criminal activity. If no such activity is found, the complaint is either upheld or directly resolved. If there is an evidence of such activities, the complaint is transferred to appropriate Statutory Regulator and EASA issues a EURO AD-ALERT (an alert informing the interested parties and the Alliance members of unethical or illegal practice)</p> <p>Step 3 SRO in Complainants country informs Complainant. EASA publishes case in the Alliance Newsletter – ‘Alliance Update’</p>
Describe important timelines during the procedure		--
Is there any cost to the consumer?		The handling of complaints by consumers is free of charge. There is a charge in some countries made for handling competitive complaints.
Dispute handler	What is the name/title of the instance/person addressing the dispute (“dispute handler”)?	--
	How is it ensured that the dispute handler is qualified?	--
	Who appoints the dispute handler?	--
	Is any degree of independence from the parties guaranteed, and if so how?	--
	Can the dispute handler be challenged?	--
	Can the dispute handler resign due to conflict of interest?	--
Are the proceedings confidential?		--
Is the dispute handler required to provide a written decision?		EASA publishes case and its outcome in the Alliance Newsletter – ‘Alliance Update’

Does the service provide a possibility to appeal? To whom can the appeal be made?	--
Is resort to the courts excluded?	No, EASA provides advisory role and forwards the cases to the competent authorities.
Is the outcome of the procedure intended to be binding?	No.
Is the outcome executable/enforceable, and if so how?	No.
Are there consequences for non-compliance with the outcome?	EASA might forward a case to the competent authorities if there is no agreement.
Can the procedure take place simultaneously with other procedures concerning the same conflict?	Yes.
Are group actions possible? If so, how?	--
Comments:	--
Contact info	Name
	e-mail
	URL
	Telephone/fax
	European Advertising Standards Alliance
	Library@easa-alliance.org
	http://easa-alliance.org
	Tel: +32-2-2 513-7806 Fax: +32-2-2 513-2861

10. WebAssured

General information about the service

Name of service:	<i>WebAssured</i>	
Objective:	Facilitates disputes related to B2B and B2C transactions through mediation and arbitration	
Date of implementation:	1995	
Scope of the service	Geographic	<i>No geographic restrictions</i>
	Sector	<i>E-commerce cases</i>
	Types of cases	Cross-Border Transactions
	Other	
Entity hosting service:	WebAssured	
Service is financed through:	<i>License Fees</i>	
Type of service:	Mediation/Arbitration	

Procedure

Basis for procedure	A complaint is filed via webworms against any on-line merchant, an electronic complaint record is created and the information is forwarded to the seller
Contained in:	WebAssured website
Means of initiation:	<i>Internet</i>
Means by which the procedure is carried out	Through ordinary Internet access.
Who can initiate the procedure?	<i>Any buyer or seller can file a complaint about any transaction.</i>
Preconditions	<i>A user has to fill out and submit an electronic form.</i>

Describe the most important stages of the dispute procedure:	<p>Step 1: Filing the case on WebAssured Website An aggrieved buyer files a complaint via webworm against any on-line merchant, an electronic complaint record is created</p> <p>Step 2: Notifying the other party The Electronic complaint record is forwarded to the seller. A number of automated iterations transpire through which all communications from buyer and seller are automatically appended to the complaint</p> <p>Step 3: Automated Mediation Once both parties are aware of the dispute, they can try to solve the problem themselves</p> <p>Step 4: Manual Mediation If the complaint remains unresolved after the automated mediation attempt, a WebAssured representative will review the complaint record and attempt to contact the parties to mediate settlement.</p> <p><i>Step 5 : Arbitration</i> If Manual Mediation fails, and the seller is a WebAssured licensee, WebAssured will issue an arbitration opinion to which the licensee is contractually bound to adhere. If the licensee does not abide by the arbitration, WebAssured will refund the buyer's losses up to a pre-determined coverage limit and may revoke the offending company's membership.</p>	
Describe important timelines during the procedure	<i>80% of resolutions are achieved within 48 hours of the complaint being filed</i>	
Is there any cost to the consumer?	Free of charge	
Dispute handler	What is the name/title of the instance/person addressing the dispute ("dispute handler")?	<i>WebAssured Representative</i>
	How is it ensured that the dispute handler is qualified?	
	Who appoints the dispute handler?	<i>WebAssured provides the dispute handler</i>
	Is any degree of independence from the parties guaranteed, and if so how?	
	Can the dispute handler be challenged?	--
	Can the dispute handler resign due to conflict of interest?	--
Are the proceedings confidential?	-WebAssured publishes the outcome of all bona-fide dispute cases in its company background reports, which are available to the public free of charge.	
Is the dispute handler required to provide a written decision?	--	
Does the service provide a possibility to appeal? To whom can the appeal be made?	--	
Is resort to the courts excluded?		

Is the outcome of the procedure intended to be binding?		Yes
Is the outcome executable/enforceable, and if so how?		
Are there consequences for non-compliance with the outcome?		If the licensee does not abide by the arbitration, WebAssured will refund the buyer's losses up to a pre-determined coverage limit and may revoke the offending company's membership.
Can the procedure take place simultaneously with other procedures concerning the same conflict?		--
Are group actions possible? If so, how?		--
Comments:		<i>The system has a success rate of over 94% for complaints against WebAssured licensees, 75% for complaints against non-licensees.</i>
Contact info	Name	WebAssured
	e-mail	
	URL	www.webassured .com
	Telephone/fax	

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



ADVOCACY

SEPTEMBER 26, 2000

Issue Chair: Martin Velasco
Member of the Board
Telefónica S.A.

Issue Sherpa: Manuel Avendaño
Telefónica, S.A.
Tel: + 322 230 9555
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Contact Point:
(Americas): Dean O'Hare
Chairman and CEO
The Chubb Corporation

Contact Point:
(Asia/Oceania): Seiichi Shimada
Senior Executive Managing Director and Member of the Board
Mitsui & Co., Ltd.

Initial objectives and further targets

When the GBDe began its work for the year 1999/2000, it was agreed that a new group would be created to advocate on its behalf and engage global governments in ongoing conversation on pressing issues affecting the electronic marketplace. The GBDe needed to monitor and report on the efforts of the public and private sectors in order to implement the recommendations made at the Paris Conference, and to communicate key elements of its 2000 work plan. All governments participating in the GBDe process were asked to respond to the recommendations made at the Paris Conference, and government outreach efforts focused on this significant milestone to assess government and industry response and gauge progress towards specific actions. With respect to the private sector, the GBDe had to assess whether and how well it was meeting its various commitments.

For this purpose, the Advocacy Working Group focused on the initial objectives set forth in the group's work plan for the year 1999-2000. These objectives were as follows:

- to advocate the GBDe's Paris Recommendations to governments, institutions and organizations that are developing projects involving electronic commerce;
- to monitor legislative processes to verify to what extent the GBDe Recommendations affected governments when new laws and regulations were drafted;
- to leverage the GBDe's work by engaging in cooperative efforts with international bodies dealing with e-commerce aiming at aligning their outcome to the GBDe's Recommendations; and
- to voice industry's recommendations at the most prestigious international fora in order to overcome the obstacles facing e-commerce.

However, during the various GBDe's meetings held this year, the goals of the group were defined in a more concrete manner and enlarged with other specific targets. Specifically, at the GBDe's Business Steering Committee meeting held in New York in April 2000, it was decided that a cooperation agreement be initiated with the International Chamber of Commerce (ICC), that would allow for the exchange of expertise, and consultation regarding current and evolving international e-commerce.

At a subsequent meeting of the GBDe sherpas meeting in Cheju, Korea, relationships with the OECD (Organisation for Economic and Cultural Development) and the e-ASEAN (Association of South East Asian Nations) and APEC (Asia Pacific Economic Cooperation) were envisaged.

Last, but not least, the Advocacy group agreed to the creation of a monitoring list at the national level where the impact and effect of the Paris Recommendations would be studied and analyzed.

ACCOMPLISHMENTS

Expert level meetings between the GBDe and regional organizations

On 30th November 1999, the European Union's Council of Telecommunications Ministers considered their response to the GBDe's Recommendations. To this end, the Council Presidency held a debate on self-regulation in the context of global electronic commerce. A new concept of co-regulation was put forward and a proposal to draw up guidelines for self-regulation in electronic commerce received broad support. A useful principle was "*self-regulation where possible, and regulation where necessary*". To explore the possibility of developing a broad dialogue on global electronic commerce issues, the EU Council Presidency proposed holding an expert level meeting involving the GBDe, government officials and other interested parties as organizations representing consumers and SMEs.

This meeting was held on June 27, 2000 with representatives from the European Union Institutions (Commission, Parliament and Council) and allowed a full exchange of views on the Paris Recommendations. It was concluded that a global approach to addressing electronic commerce issues is needed, and it was also recognized that more work needs to be done on developing a complementary relationship between regulation and self-regulation, as a real exercise of policy cooperation.

Working sessions at the expert level meeting with the EU focused on:

consumer confidence;
security and authentication;
trade and taxation;
intellectual property rights; and
the digital divide.

A broad degree of mutual understanding was reached, and the European Union acknowledged the GBDe as a unique initiative providing much needed high-level business coordination of e-commerce policy issues that have a global reach. The European Union now expects concrete results from the GBDe, especially on the Digital Divide, Alternative Dispute Resolutions, Notice and Take-Down horizontal procedures, and unsolicited communications.

The success of this meeting with the EU institutions clearly demonstrated how the GBDe can advocate its positions to governments in an efficient way and has set a model for future dialogue in other regions. In order to leverage the advocacy actions, policy cooperation with regional economic groupings should now be promoted in order to advocate GBDe recommendations.

Defense and promotion of GBDe Policy

We identified more than one hundred relevant fora in which to advocate the Paris Recommendations, and GBDe members also voiced our role on e-commerce in some 30 conferences with a worldwide or regional coverage.

Special mention must be given to the GBDe interventions in events organized by the WEF (World Economic Forum), the OECD (Organisation for Economic and Cultural Development), the ICC (International Chamber of Commerce), BIAC (Business and Industry Advisory Committee to the OECD), the WIPO (World Intellectual Property Rights), the EU (European Union) institutions, the US Government, the Japanese Keidanren (Federation of Economic Organizations, Japan) and the Singaporean IDA (Infocomm Development Authority).

The voice of the GBDe was not only heard at these major organizations, it also presented a major policy paper to the G-8 nations on the occasion of their 2000 Summit in Okinawa, Japan.

All this has resulted in a good working relationship with these institutions and has made the GBDe a reference point for Governments in their handling of electronic commerce issues.

Monitoring E-Commerce Legislation

As a second step in the on-going advocacy process, there was a need to monitor how the Paris Recommendations have been taken into account by governments when implementing policy or drafting new legislation related to e-commerce. For this purpose, initial checklists have been prepared for the following countries: Japan, Taiwan, The Philippines, Korea, Germany, the United Kingdom, France, Italy, Spain and the United States which are annexed to this paper.

Each list cross-checks the national legislation with the following GBDe recommendations on:

- privacy;
- market access and information infrastructure;
- intellectual property rights (both liability, IPR protection and content);
- personal data protection;
- alternative dispute resolutions (ADR) and jurisdiction;
- global trustmarks;
- trade and taxation;
- authentication and cyber security;
- bridging the digital divide or e-government solutions.

The objective of this list is not only to verify whether the GBDe recommendations were taken into account but mainly to warn the GBDe in which countries the legislation does

not comply with the industry's consensual recommendations so that we can advocate for legislation more aligned with these recommendations.

Examples of warnings can be found in almost any area and any country. This clearly shows that advocating activities are still very much needed.

Cooperation Agreements with International Bodies

With the aim of providing a major boost to business's development of clear and consistent rules of the road for electronic commerce, the GBDe has already concluded its first cooperation agreements with relevant international or regional organizations dealing with e-business issues.

These statements of cooperation point to an increased consultation by means of sharing expertise and coordinated efforts informally to support confidence in e-commerce through strong self-regulation. In each case, we respect the independence of the organization concerned. We are not aiming for any institutionalized relationship. Only working and consulting agreements are initially planned.

This effort strives to create a working relationship in which each side will examine the possibility of a mutual and beneficial linkup to the other, through designated experts. Working groups on either side will have the right to opt-out of cooperation if they so desire in order to retain certain sovereignty. The free flow of information which will keep all parties informed of various activities, such as working groups, important public events, and external events will play a key role in these relationships.

The organizations with which we have concluded agreements are ICC (International Chamber of Commerce), BIAC (Business and Industry Advisory Committee to the OECD) and eASEAN Task Force (Association of South East Asian Nations). The three Statements of Co-operation will be signed during this Conference in Miami.

ADVOCACY WORK PLAN 2000-2001

Although a great deal of official acknowledgement has been given to the GBDe by relevant personalities, such as the President of the United States, the President of the European Council, the President of the French Republic, the President of the European Commission and the British Prime Minister, advocacy efforts of the GBDe in the coming period must be extended to all areas in the world in a way consistent with the global nature of e-commerce. To this end, regional organizations will be identified through which the GBDe can advance its positions and build upon its credibility in a truly global fashion.

To achieve this, a coordinated strategy must be defined involving all regions and working groups in order to develop the appropriate policy cooperation activities. Consequently, the advocacy work plan for 2000-2001 must be characterized by centralized guidance and local implementation. Otherwise, the impact on most regions will be negligible. With this in mind, the Advocacy Working Group proposes four objectives for the coming period:

To prompt the cooperation agreements reached with international bodies

The GBDe must ensure that the statements of cooperation signed in Miami with the ICC, e-ASEAN and BIAC will be developed efficiently to promote shared expertise in undertaking joint technical work, issuing joint position papers, engaging in joint advocacy initiatives and jointly sponsoring meetings and events.

In order to increase credibility in the global arena, efforts should be made to reach similar cooperation agreements with other relevant international bodies and especially with the WTO (World Trade Organization).

To develop and structure policy co-operation meetings with regional bodies

To leverage the work the GBDe's issue groups are doing, regional policy cooperation meetings are necessary. To this end, the GBDe must identify areas where a recognized body exists and has established a working structure. The Advocacy group proposes to liaise with regional trade organizations based upon the model already initiated with the EU.

The proposed relevant trading zones to be tackled are based upon: NAFTA, CARICOM and MERCOSUR in the Americas; APEC and ASEAN in Asia; MAGREB and SADC in Africa; EU, EFTA and CEE in Europe.

Key to successful implementation is the commitment of a local GBDe member and also the active participation of the regional experts of the GBDe working groups. The Advocacy group should provide central expertise and documentation.

To implement a system to monitor the impact of the GBDe on national legislation

Based on the initial checklists of national legislation already created, a two-fold approach is needed: continual update of the existing lists, and the creation of compilations in areas yet to be closely examined by the GBDe.

Global coordination shall be ensured by the Advocacy issue group which will periodically advise the broader GBDe on issues of particular focus and areas demanding critical attention. Part of this effort will also include tracking the evolution of policy developments and determining where further advocacy actions are required.

To begin a dialogue with consumer organizations

Needless to say, building consumer confidence in e-commerce is critical and therefore the views from consumer groups should be taken into account by the GBDe.

A process of information and consultation must be soon implemented, as the GBDe strives to increase its credibility through the endorsement of its recommendations by consumers organizations around the world.

This approach is fully consistent with the regulatory trends pointing to the empowerment of consumers in the growing electronic marketplace. In other words, the advocacy activities will be focused not only on policy cooperation efforts with government but also on building relationships with consumers as well.

ANNEX 1

**GBDE ADVOCACY GROUP CHECK LIST OF
GLOBAL E-COMMERCE LEGISLATIVE ACTIVITY**

Country	Area	Current legislative situation	Warnings
Philippines	Information Infrastructure/ Market Access	<p>RA 8792: An Act Providing for the Recognition and Use of Electronic Commercial and Non-Commercial Transactions, Penalties for Unlawful Use Thereof, and Other Purposes (signed last 14 June 2000)</p> <p>The E-Commerce Act provides for the legal recognition and admissibility of electronic data messages, documents and signatures; mandates all government agencies to accept electronic data messages and documents in their transactions within two years from the effectivity of this Act; installation within two years of electronic online network (RPWEB) to promote electronic documents, data and messages within government and to the general public and penalties of at least P100,000 and 6 months to 2 years imprisonment for computer hacking, introduction of viruses and piracy of copyrighted works.</p> <p align="center">PHILIPPINE CIVIL CODE</p> <p>The provisions of the Civil Code will generally govern the validity of on-line contracts. These provisions will also apply to “web wrap” agreements.</p>	
	Personal Data Protection/ Consumer Confidence	<p>1987 Philippine Constitution, Art III, Sec 3</p> <p>(1) Provides that the privacy of communications and correspondence shall be inviolable except upon unlawful order of the court or when public safety or order requires otherwise as prescribed by law.</p> <p>(2) Any evidence obtained in violation</p>	

		<p>of this or the preceding section shall be inadmissible for any purpose in any proceeding.</p> <p>RA 8792, Section 11 Prescribes the procedure for authenticating electronic data messages and electronic documents</p> <p>RA 8792, Section 31 Defines unlawful access to an electronic file or electronic signature of an electronic data message or electronic document. It further provides that such electronic file or electronic signature shall only be authorized and enforced in favor of the individual or entity having a legal right to the possession or the use of the plain text, electronic signature or file and solely for authorized purposes. The electronic key for identity or integrity shall not be made available to any person or party without the consent of the individual or entity in lawful possession of that electronic key.</p> <p>RA 8792, Section 32 Except for the purposes authorized under the Act, any person who obtained access to any electronic key, electronic data message or electronic document, book, register, correspondence, information, or other material pursuant to any powers conferred under this Act, shall not convey to or share the same with any other person.</p> <p>Revised Penal Code, Article 353-360 Provisions on defamation will remain in full force and effect with respect to electronic data messages and electronic documents</p>	
	<p>Jurisdiction/ Consumer Confidence</p>	<p>RA 7394 : Consumer Act of the Philippines Provides for the protection of the interest of the consumer, promote his general welfare and establishes standards of conduct for business and</p>	

		<p>industry. The law also implements measures to achieve protection against hazards to health and safety; against deceptive, unfair and unconscionable sales acts and practices, among others.</p> <p>RA 7394 Implementing Rules and Regulation Implementing Rules and Regulations (IRR) Dep't Admin Order No. 2 Provides for liability for product defects. Also provides that “in case of breach of express warranty, the buyer may elect to have the good repaired or its purchased price refunded by the warrantor. Such provision is enforceable against the warrantor in case the express warranty is in electronic form taking into consideration RA 8792.</p> <p>RA 8792, Section 33 c Violations of the Consumer Act and other relevant or pertinent laws through transactions covered by or using electronic data messages or electronic documents, shall be penalized with the same penalties as provided in those laws.</p>	
	Consumer Confidence/ Trustmark	No provision on Trustmark has yet been included in RA 8792.	
	Trade/ Taxation	<p>EO 163: Modifying the Nomenclature and the Rates of Import Duty on IT Products under Section 104 of the Tariff and Customs Code of 1978</p> <p>Provides for the elimination/binding of tariffs on ITA 1 products beginning 1 July 1997 and ending on 1 January 2000 with extended staging of tariff reductions up to Year 2005 for developing countries</p> <p>Investments Priorities Plan 2000 Inclusion of Information Technology Services which covers software development projects (system software, middleware, applications software); IT enabled services; Support and knowledge based services and Business Process Outsourcing as a priority area eligible for incentives under the</p>	

		<p>Omnibus Investments Code of 1987.</p> <p>Incentive privileges: Income tax holiday; tax credits; additional deductions for labor expense and non-fiscal incentives, among others.</p>	
	Content/ IPR/ Liability	<p>RA 8293: Intellectual Property Code of the Philippines The Code provisions on Copyright take into account advances in digital technologies and rapid development of electronic networks and other communication technologies. The Code reiterated the basic concept that “work shall be protected by the sole fact of their creation and irrespective of their mode of expression, as well as their content, quality, or purpose.” Similarly it reaffirms the basic principle that protection shall extend to any idea, procedure, system, method of operation, discovery, concept or mere data.</p> <p>RA 8792, Section 33b The e-Commerce Act also provides for the protection of copyrighted works including legally protected sound recordings or phonograms or information material on protected works through imposition of fines or imprisonment.</p>	
	Digital Bridge	<p>No provisions has yet been included in RA 8792. (DECS initiative, PCs for Public Schools)</p>	
	Authentication/ Cybersecurity	<p>RA 8792, SECTION 11 Prescribes the procedure for authentication electronic data messages and electronic documents.</p>	
	e-Government	<p>RA 8792, Section 27 Two years from date of the effectivity of this Act, all departments, bureaus, offices and agencies of government shall -accept the creation, filing or retention of such documents in the form of electronic data messages or electronic</p>	

	<p>documents; -issue permits, licenses or approval in the form of electronic data messages or electronic documents; -require and/or accept payments, and issue receipts acknowledging such payments, through systems using electronic data messages or electronic documents; and -transact the government business and/or perform governmental functions using electronic data messages or electronic documents</p> <p>RA 8792, Section 28 Within two years from effectivity of this Act, there shall be installed an electronic online network (RPWEB), to implement electronic transactions in government, to facilitate the open, speedy and efficient electronic online transmission, conveyance and use of electronic data messages or electronic documents among all government departments, agencies, bureaus, offices down to the division level and to the regional and provincial offices as practicable as possible, government owned and controlled corporations, local government units, other public instrumentalities, universities, colleges and other schools, and universal access to the general public.</p> <p>RPWEB network shall serve as initial platform of the Government Information Infrastructure (GII) to facilitate the electronic online transmission and conveyance of government services.</p> <p>To facilitate rapid development of the GII, the Department of Transportation and Communications, the National Telecommunications Commission and the National Computer Center are directed to aggressively promote and</p>	
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		<p>implement a policy environment and regulatory or non-regulatory framework that shall lead to the substantial reduction of costs of including, but not limited to, lease lines, land satellite and dial-up telephone access and to include the establishment of a government website portal and a domestic internet exchange system to facilitate strategic access to government and among agencies thereof for the speedier flow of locally generated internet traffic within the Philippines.</p> <p>RA 8792, Section 29 The Department of Trade and Industry (DTI) shall direct and supervise the promotion and development of electronic commerce in the country with relevant government agencies. DTI is also empowered to promulgate rules and regulations, provide quality standards or issue certifications, and perform such other functions as may be necessary for the implementation of this Act</p> <p>EO 265, Approving & Adopting the Government Information Systems Plan (GISP) Framework and guide for the computerization of key frontline and common services and operations of the Government to enhance overall governance and improve efficiency and effectiveness in the bureaucracy. To ensure full and effective implementation of the GISP, all government agencies and instrumentalities, including local government units shall align their respective computerization projects with the priorities identified in the GISP</p>	
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Country	Area	Current legislative situation	Body Contacted	Warnings
Taiwan	Information Infrastructure/ Market Access	Since 1994, National Information Infrastructure Plan		
	Personal Data Protection/ Consumer Confidence Privacy	“Digital Processing Personal Data Protection Law”, and “Communication Control Law”.		
	Jurisdiction Consumer Confidence/ADR			
	Consumer Confidence/Trademark	“Consumer Protection Law”		
	Trade / Taxation	Electronic Taxation Implementation Act		
	Content IPR Liability			
	Digital Bridge	Program of Internet Development in under-development regions and low-income families; in educational vision: Internet facilities in every class-room		
	Authentication Cyber Security	On the process of developing “Electronic Signature Law”		However, some business behaviors are valid only through personal signature on printed contracts
	e-Government	National e-government plan, including all businesses with government have to be done on		

		Internet...		
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Country	Area	Current legislative situation	Body Contacted	Warnings
Japan	Information Infrastructure / Market Access	In May, 2000, the Japanese Government released the plan to work on "e-Asia", building the Internet Infrastructure combining three countries China, Korea and Japan within "e-Asean".	Keidanren	
	Personal Data Protection Consumer Confidence/ Privacy	The Government's Working Group on Personal Data Protection completed the interim report in November 1999. The Bill Concerning the Personal Data Protection is expected come into force in 2002. Independently, separate laws are expected to be developed for some specific fields on credit information, medical information and telecommunications information.	Keidanren	
	Jurisdiction Consumer Confidence/ ADR	Various discussions are going on, but no substantial conclusion will be expected in the near future.. The Japanese Government's subcommittee has recognized the need to install the ADR mechanism in order to promote consumer confidence in Electronic Commerce.	Keidanren	Attorney's Law will need to be modified in order to have ADR made effective in Japan
	Consumer Confidence/ Trustmark	No Trustmark Related Law has yet been installed in Japan. Various discussions are going on.	Keidanren	The Japanese Government should consider the GBDe studies on Trustmarks around the world.

	Trade/ Taxation	Trade: The Japanese Government has released the first draft of the proposal for WTO E-Commerce Initiative, which in principle would go along with GBDe's. Taxation: The Japanese Government tried to propose at the WTO Seattle meeting that the current moratorium on custom duties on E-Commerce should be maintained.	Keidanren	
	Content IPR Liability	Copyright Act and Patent Law have already been installed in Japan. WIPO Agreement was approved by the Diet in May 2000. However, other issues related to IPR (including Business Process Method Patent) are still under discussion.	Keidanren	
	Digital Bridge	- The Japanese Government has declared that it would loosen the restrictions for foreign IT engineer's staying permit so that it could be made easier for them to work on the IT projects in Japan. - In July 2000, the Japanese Government has declared that it will provide more than 15 billion U.S. dollar support to the under development countries.	Keidanren	
	Authenti cation Cyber Security	The Unauthorized Computer Access Bill went into force on February 13, 2000. The Bill Concerning Electronic Signatures and Certification Services will come into force on April 1, 2001.	Keidanren	
	e- Governm ent	In order to promote the E-Commerce in the area of international trading, MITI is promoting the project called "TEDI" (Trade-Related Document EDI).	Keidanren & MITI	

Country	Area	Current legislative situation	Body	Warnings
New Zealand	Information Infrastructure/ Market Access	Currently a Government Telecommunications inquiry into areas such as interconnection, number portability and unbundling the local loop. The inquiry is due to report Sept 29,2000. Government to consider specific policy proposals by Dec 31, 2000	Office of Minister of Information Technology.	
	Personal Data Protection/ Consumer Confidence	New Zealand Model Code for Consumer Protection in electronic commerce being developed. NZ Law Commission considering legislative intervention to provide greater protection against misuse of information. Report late 2001.	Ministry of Consumer Affairs/New Zealand Law Commission	
	Jurisdiction/ Consumer Confidence	Electronic Transactions Bill introduced into Parliament by December 2000 expected to adopt many the provisions of UNCITRAL Model Law on Electronic Commerce.	Ministry of Economic Development	
	Consumer Confidence/ Trustmark	OECD Guidelines are being used to develop "best practice" principles for New Zealand business. Trustmark scheme may be developed to be implemented by Chambers of Commerce.	Ministry of Consumer Affairs/ Wellington Regional Chamber of Commerce	
	Trade/ Taxation	Support for WTO moratorium. NZ following work of OECD in undertaking to update concept of permanent establishment enshrined in double taxation agreements. Currently conducting a review of GST (sales tax) in light of economic commerce developments.	Inland Revenue Department	

	Content/ IPR/ Liability	No specific policy development in this area.		Following the GBDe recommendations of 99, specific legislation on Jurisdiction should be promoted.
	Digital Bridge	Ministry of Economic Development IT Policy Group preparing report on digital divide. The issue is seen as access by lower social economic groups within New Zealand.	Ministry of Economic Development	
	Authentication/ Cybersecurity	NZ Law Commission has recommended enactment of four new domestic criminal offences to deal with cybercrime. Support for widening power of International Criminal Court proposed in 1998 under the Rome Statute of the International Criminal Court.	New Zealand Law Commission	
	e-Government	An e-government unit has been established by the State Services Commission to take overall accountability for coordination of policy and implementation.	State Services Commission	

Country	Area	Current legislative situation	Warnings
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Korea	Information Infrastructure / Market Access	As of 1997, 80 major cities are connected to the fiber optic backbone network and all 144 local call areas will be hooked up to the fiber optic network by 2002. Within the scope of its commitments under the WTO, the Korean Government licenses telecommunications service providers, both for domestic and foreign firms, through a transparent process.	
	Personal Data Protection Consumer Confidence/ Privacy	The Act on Promotion of Accessibility of Computer Networks was revised to enhance the protection of privacy. As a preliminary step to ensure the ethics of the information society, comprehensive measures are set up to address the issue of obscenity and violence on the Internet and on-line communication service.	
	Jurisdiction Consumer Confidence/ ADR	There are many kinds of Various discussions are going on, but no substantial conclusion will be expected in the near future. But private sector make a important role in monitoring and mediation for protecting consumer.	
	Consumer Confidence/ Trustmark	Now, there are no laws for trustmark. But KAIT (Korea Association of	

		Information and Telecommunication) official organisation under MIC (Ministry of Information and Communication) recommend i/Safe Mark for consumer confidence.	
	a) Trade b) Taxation	Korea government has committed the WTO's current practice of not imposing customs duties on electronic transmissions. Korea government has committed OECD Agreements as OECD member. And Korea government has been concerned to the indirect taxation (such as value-added taxed) for electronic commerce. But it is under discussion.	
	Content IPR Liability	Copyright Act and Patent Law have already been installed in Korea. Korea is a member of major international IPR agreements including WTO/TRIPs, PCT, and the Berne Convention.	
	Digital Bridge	The government plans to build a hundred computer labs in the rural and mid-sized cities at post offices by 2002 to further boost the computer literacy of the local residents. 50,000 computers will be distributed free of	

		charge to students from low-income families while second-handed PCs will be collected and provided to social welfare institutions.	
	Authentication Cyber Security	In order to provide the various certification services for secure e-commerce transactions including the identification verification, "Digital Signature Law" made effect in July, 1999.	
	e-Government	Vice Minister Kim Dong Sun of the Ministry of Information and Communication will be taking part in the Korea-Japan E-Summit slated to be held in Japan from April 10th to promote the entry of Korean Internet firms into the Japanese market.	

Country	Area	Current legislative situation	Warnings
UK	Information Infrastructure / Market Access	None	
	Personal Data Protection Consumer Confidence/ Privacy	The Data Protection Act 1998 Entry into force: 1.3.2000	Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes. Personal data shall be adequate, relevant and not excessive in

			relation to the purpose or purposes for which they are processed, they shall be accurate and, where necessary, kept up to date, processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes and processed in accordance with the rights of data subjects under this Act.
	Jurisdiction Consumer Confidence/ ADR	No schemes specific to information society service providers yet.	
	Consumer Confidence/ Trustmark		
	Trade/ Taxation		
	Content IPR Liability	No provisions on liability	This issue has been dealt by case law.
	<i>Digital Bridge</i>		
	Authentication Cyber Security	The Electronic Communications Act 2000	The court will decide in each case if the electronic signature has been correctly used and the weight to be given to it. In practice this provision gives electronic signatures the same status as handwritten signatures
	e-Government		

Country	Area	Current situation	legislative	Warnings
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Germany	Information Infrastructure / Market Access	Teleservices Act and the Interstate Treaty on Media Services. Interstate Broadcasting Treaty . The Industrial Code	No specific market requirements are imposed on information society service providers.
	Personal Data Protection Consumer Confidence/ Privacy	Directive 95/46/EC is not transposed yet. Implementation only in the field of information society services through: · the Teleservices Data Protection Act; and The Media Services State Treaty. The Federal Data Protection Act	The user is entitled at any time to inspect, free of charge, stored data concerning his person or his pseudonym. The information has to be given electronically if so requested by the user. The right to object to the processing of personal data. The right of rectification in case of incomplete or inaccurate data.
	Jurisdiction Consumer Confidence/ ADR	Hardly used in business-to-consumer transactions. The association for computer law provides out-of-court settlement schemes on the Internet (www.cybercourt.org) for both consumers and enterprises. There is one pilot scheme launched by the association which is carrying out an on-line court of arbitration. Furthermore, law firms offer arbitration schemes in the business-to-business sector.	Apart from these general out-of-court schemes, there are no specific schemes for the settlement of disputes regarding information society services.
	Consumer Confidence/ Trustmark		
	Trade/ Taxation	5.7.2000: Federal Government presented a Proposal amending the Copyright Act to the Parliament (very early	The Draft proposes to apply duties on hardware related to copyright (PC, CD, etc.). The debate is

		stage of the procedure)	open and discussions are ongoing, - these measures could represent double taxation in some cases (photocopy machines), - it could be not in line with the ongoing Copyright Draft Dir.
	Content IPR Liability	Teleservices Act and Media Services Act	No liability: Providers are not responsible for any third-party content to which they only provide access. The obligation in accordance with general law to block the use of illegal content remains unaffected if the provider obtains knowledge of such content and if blocking is technically feasible and can reasonably be expected.
	<i>Digital Bridge</i>		
	Authentication Cyber Security	- 1997 Digital Signature Act - a ministerial draft law (dated Jan. 6, 2000) amending the German Civil Code is currently under internal consideration, in order to legally recognise digital signatures as equivalent of hand-written signatures.	The 1997 Act establishes no equivalence between digital signatures and hand written signatures, therefore a revision is being carried out
	e-Government		

Country	Area	Current legislative situation	Warnings
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Spain	Information Infrastructure / Market Access	Draft bill on electronic commerce dated March 16, 2000 Royal decree 1133/1997 of July 11,1997	Information society service providers must fulfil a registration obligation prior to starting their on-line operations. The register will be operated by the Ministry of Science and Technology. Failure to register could lead to severe sanctions. Obligation to register prior to starting distance selling operations (Royal decree 1133/1997 of July 11,1997)
	Personal Data Protection Consumer Confidence/ Privacy	Law 15/1999, of 13 December 1999 on Protection of Personal Data	Personal data can only be collected and further processed if they are adequate, relevant and not excessive in relation to the defined, explicit and legitimate purposes for which they are collected. Unambiguous consent is required for legitimacy of the data processing. Consent to process sensitive data must be express and in writing.
	Jurisdiction Consumer Confidence/ ADR	Draft Bill on electronic commerce of March 16, 2000 allows for contracting parties to submit their disputes to an arbitrator, including those involving standard contracts. Furthermore, it allows for the arbitration procedure to be carried out electronically.	The extent to which consumers can restrict their right to go to court; the extent to which alternative dispute resolution (ADR) provides the same procedural rights as would the court system; the extent to which an ADR clause would be deemed unfair.
	Consumer Confidence/ Trustmark		
	Trade/ Taxation		

	Content IPR Liability	Draft bill on electronic commerce of March 16, 2000	Same as in EU Directive on e-commerce. However, under Spanish law, if somebody sues an ISP on the ground that he knew of the existence of the unlawful material and he did not take it away, it is up to the ISP (and not to the plaintiff) to show or demonstrate that he did not know.
	Digital Bridge	EducaRed Programme Red Campus	It is not a public programme, but created and launched by Telefónica, which objective is provide cheap access to Internet to all schools. Project of Telefónica in order to create a virtual University
	Authentication Cyber Security	Royal Decree-Law 14/1999 of September 17, 1999 on electronic signatures	Equivalence between electronic signatures and hand-written signatures (the same as in electronic signatures EU Directive)
	e-Government		

Country	Area	Current legislative situation	Warnings
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France	Information Infrastructure / Market Access	Law 96-659 of July 26, 1996 on telecommunications regulation Law 86-1067 of September 30, 1986 (declaration to the CSA) and art. 2 of the Law (definition of audiovisual communication)	Access providers: no license or declaration needed (general principle). Host provider: no license or declaration needed Content provider : prior declaration to the CSA ('Conseil Supérieur de l'Audiovisuel) is needed for audiovisual communications services. Specific requirements may be provided for in regulations related to specific fields (e.g.: insurance services brokerage provided on line).
	Personal Data Protection Consumer Confidence/ Privacy	Law of January 6, 1978 on data processing, data files and individual liberties	Information rights, right of access and rectification in case of incomplete or inaccurate data right to object on legitimate grounds to data processing. Concerning the sale of data file to third parties, information must be given and the right to object to the sale must be given to the data subject.
	Jurisdiction Consumer Confidence/ ADR	No such schemes currently exist in France.	
	Consumer Confidence/ Trustmark		
	Trade/ Taxation		
	Content IPR Liability	No specific provision on liability of ISP. However some references on Bill on audiovisual communication	According to general principles, hosting providers are not liable unless they are aware of illegality and they do not disable access to the information

	Digital Bridge		
	Authentication Cyber Security	Digital signatures: · Law 2000-230 of March 13, 2000 adapting the law on evidence to information technologies and to electronic signatures (this Law implements the Dir. 99/93/EC on electronic signatures) · Law integrated in the Civil Code (art. 1315-1 to 1326)	The French Law has recognized the equivalence between electronic signatures and hand-written signatures. Electronic signatures are also admissible as evidence in court proceedings.
	e-Government	Several Ministries have their web page from which users can have access and contact the government directly through the net.	

Country	Area	Current legislative situation	Warnings
<i>Italy</i>	Information Infrastructure / Market Access	- Presidential Decree of September 19, 1997, n. 318 - Legislative Decree of March 17, 1995, n. 103 - Legislative Decree of March 17, 1995, n. 103 - Legislative Decree of March 31, 1998, n. 114	General authorization or individual license delivered by the 'Autorità per le garanzie nelle comunicazioni' or, according to a different legal interpretation a declaration to the Ministry of Communications Authorisation of Ministry of Communications. Written request to the Town Council where the provider has its principal branch, 30 days before beginning the commercial activity.
	Personal Data Protection Consumer Confidence/ Privacy	Law of December 31, 1996, n. 675 on the processing of personal data	Consent by individuals is the general rule for processing carried out by private individuals. However, many exceptions

			are provided. Public bodies must not require data subjects' consent when processing data for institutional reasons.
	Jurisdiction Consumer Confidence/ ADR	There are no specific dispute settlement mechanisms. There are no on-line dispute settlement mechanisms.	
	Consumer Confidence/ Trustmark		
	Trade/ Taxation		
	Content IPR Liability	General principles of liability on Italian civil code (arts 2043 and 2051)	According to general principles, hosting providers are not liable unless they are aware of illegality and they do not disable access to the information.
	Digital Bridge		
	Authentication Cyber Security	- Law of March 15, 1997, n. 59 - Presidential Decree of November 10, 1997, n. 513 - President of the Council of Ministers Decree of February 8, 1999	Full legal equivalence between digital signatures and handwritten signatures. The legal recognition of electronic signatures is assessed on a case by case basis.
	e-Government		

Country	Area	Current legislative situation	Warnings
<i>USA</i>	Information Infrastructure / Market Access		
	Personal Data Protection		

	Consumer Confidence/ Privacy		
	Jurisdiction Consumer Confidence/ ADR		
	Consumer Confidence/ Trustmark		
	Trade/ Taxation	<p>Trade: At the end of last year (November 1999), the US Department of Commerce welcomed the of recommendations by the Free Trade Area of the Americas (FTAA) Joint Committee on Electronic Commerce. The group, comprised of government and private sector experts from throughout the Western Hemisphere made more than 40 recommendations on how to increase and broaden the benefits of electronic commerce. Among other things, the report urges FTAA countries to: update their regulatory frameworks to allow for greater private sector competition in telecommunications services; promote technology-neutral approaches for the use and recognition of electronic signatures; work with business and consumer organizations to develop online consumer complaint resolution mechanisms; and encourage effective self-regulation based on internationally accepted principles of fair information practice.</p> <p>Taxation: In May of this year, the U.S. House of Representatives passed a bill that would extend for five years a current ban on Internet-specific taxes that expires in October 2001. The bill is designed to prevent states from taxing Internet access and would bar new taxes aimed specifically at online activity, such as the amount of time a person spends on the Internet or how much material a person downloads.</p> <p>The Clinton administration</p>	

		supports a permanent ban on taxes on Internet access; a permanent ban on customs duties on electronic transmissions; a continuation of the moratorium on multiple and discriminatory taxes; international tax rules that are neutral, nondiscriminatory, simple and certain; and simplification of state and local sales taxes and telecommunications taxes.	
	Content IPR Liability		
	Digital Bridge	<p>The United States government has been a leader in the fight to bridge the gap of the digital divide – both nationally and internationally. The government has made a commitment to ensure that everyone has ready access to telecommunications tools that can help to produce a technology-literate work force that will enable the United States to continue to be a leader in the global economy and reduce the gap between the “haves” and the “have nots”.</p> <p><u>Nationally</u> – In December of last year the Department of Commerce hosted a Digital Divide Summit to launch a public dialogue among government, industry, civil rights and community leaders on ways to make the economic benefits of information technology accessible to all Americans. In April, the President issued a “National Call to Action” – challenging corporations and non-profit organizations to initiate concrete actions to provide “21st Century learning tools in every school” and create “digital opportunity for</p>	

		<p>every American family and community". For its part the government committed \$12.5 million for an "E-Corps" to recruit qualified volunteers to provide technical support to school computer systems, tutor at community technology centers and offer training for IT careers.</p> <p>"E-rate" to Connect Schools and Libraries to the Internet. - The e-rate is providing 20% - 90% discounts to connect schools and libraries to the Internet. By the end of 2000, the E-rate will have funded \$6.25 billion of telecommunications infrastructure and services to schools and libraries. In 1999, 82% of public schools (over 78,000) and 51% of public libraries received public funding.</p> <p>Grants from the Department of Education are training 400,000 new teachers to use technology effectively in the classroom.</p> <p>Actions by the Federal Communications Commission will help ensure that telecommunications equipment, such as cellular phones, is designed to be accessible for people with disabilities.</p> <p>The Department of Housing and Urban Development (HUD) has created approximately 500 Neighborhood Network learning centers that bring state of the art technology to publicly-assisted housing across America. (Neighborhood Networks are innovative private/public</p>
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		<p>partnerships that establish computer-based multi-service centers to help people in publicly-assisted housing learn critical computer skills.)</p> <p><u>Internationally</u> - The US is applying the same dedication of effort and leadership to bridge the digital divide internationally that in has within its own borders. In July 2000, President extended a “Global Call to Action” to close the digital divide and to create digital opportunity in developing countries – challenging companies, foundations and non-profit organizations to work together to create digital access and education for all by the year 2010.</p> <p>Expand Internet for Economic Development Initiative to 20 Developing Countries: The Internet for Economic Development (IED) initiative is designed to encourage the spread of the Internet and e-commerce in developing countries. The initiative focuses on telecommunications policy development, infrastructure, training, and applications (e.g. installing computer labs, Internet access, and teacher training in dozens of schools and teacher training institutes).</p> <p>The Export-Import Bank of the United States (Ex-Im Bank) will accept the credit of state, provincial, city and other sub-sovereign entities that have received a sufficient rating from a global credit rating agency. This new initiative will provide enhanced access to U.S. goods and services, including cutting-edge</p>
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		<p>information technology and technology-related services, to help address their infrastructure needs.</p> <p>The Overseas Private Investment Corporation (OPIC) will establish a \$200 million line of credit for U.S. companies seeking support for e-commerce and IT projects, and for projects that will help close the digital divide in developing countries.</p> <p>The U.S. Federal Communications Commission (FCC) will implement work plans with key developing countries to ensure adoption of pro-competitive regulatory regimes and to promote telecommunications infrastructure build out.</p>	
	<p>Authentication Cyber Security</p>	<p>In June of this year the President signed into law the Electronic Signatures in Global and National Commerce Act designed to eliminate a number of legal barriers and provide a predictable, technology-neutral environment while, at the same time, protecting consumer interests. The act clarifies the legal validity of electronic contracts, signatures, notices, and other records and allows contracting parties to choose the technology for authenticating their transactions without any government intervention.</p> <p>In January of this year, President Clinton released the National Plan for Information Systems Protection, establishing a national strategy to protect U.S. computer networks from deliberate attacks. One month later, year, the</p>	

		<p>President met with leaders of Internet and e-commerce companies, civil liberties organizations, and security experts to announce actions strengthening Internet and computer network security. At that meeting, industry executives announced their intention to join others to create an Internet industry mechanism to share information on cyber attacks, vulnerabilities and security practices to better respond to cyber-attacks and deliberate intrusions into computer networks.</p> <p>In July of this year, the government updated its policy for encryption exports to the European Union and other key trading partners enabling U.S. companies to export any encryption product to any end user in the 15 nations of the European Union and eight other nations without a license.</p>	
	e-Government		

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



SUMMARY OF RECOMMENDATIONS AFFECTING CONSUMER CONFIDENCE

SEPTEMBER 26, 2000

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(Alternative Dispute Resolution) CEO
DaimlerChrysler Services AG, and Board Member
DaimlerChrysler AG

Issue Chair: Tadashi Okamura
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Issue Chair: Michio Naruto
(Trustmark) Special Representative and Board Member
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INTRODUCTION

Electronic commerce is inherently global and, more than ever before, this means that the legitimate interests of consumers must be addressed globally as well. Electronic commerce depends on building consumer confidence – ensuring that their interests will be protected wherever the customer and the merchant may be located in physical space.

The global nature of electronic commerce allows us to cross borders with ease and online purchases often involve transactions between strangers. How can a customer know whether a business on a Web site will complete its orders for goods and services as it claims? Will the online merchant allow the return of goods or honor product warranties? Will information exchanged with the web site remain secure and private? What happens if something goes wrong?

These are not questions that can be answered by governments alone. These concerns cannot be addressed by consulting the laws of one nation or region, no matter who enthusiastically it seeks to extend that law beyond its borders. Recognizing this gap, the GBDe is making one of the first truly global efforts to provide consumers with assurances that will be implemented around the world.

As part of its workplan for 2000, the GBDe, set up three working groups on consumer confidence to examine Trustmarks, Privacy/Personal Data Protection and Alternative Dispute Resolution systems (ADRs). The successful results of these efforts are concrete guidelines to businesses and specific recommendations to governments designed to achieve a high level of trust in global electronic transactions.

ALTERNATIVE DISPUTE RESOLUTION

Taking consumer complaints seriously

Electronic commerce, especially with consumers in one country buying goods or services from businesses based in other countries, will grow unabatedly only if consumers feel confident that their interests are sufficiently protected in the case of disputes.

Business adhering to GBDe guidelines commit to provide consumers with fair, transparent, timely, and affordable means to settle disputes and obtain redress.

As a first and preferred remedy in any dispute, Internet customers will be offered access to in-house customer satisfaction systems. Unless full customer satisfaction is guaranteed by such in-house systems, potential customers will be notified on the merchants' website that the merchant is ready to submit disputes resulting from online transactions to one or

more specified Alternative Dispute Resolution (ADR) systems. Information on the ADR systems offered and on general conditions like their cost, the legal nature of the ADR (arbitration, mediation, conciliation, negotiation, etc.) and of its outcome (binding/not binding/binding for the merchant; enforceable) will be easily accessible to the consumer. Should consumers be dissatisfied with the results of the ADR process, in general, their right to seek legal redress will be preserved.

GBDe supports ADR systems as an attractive alternative to cumbersome, lengthy and costly court proceedings.

Recourse to courts in disputes resulting from international Internet transactions is often complicated by the difficult questions of which law applies, and which authorities have jurisdiction over such disputes. Furthermore, international court proceedings can be expensive, often exceeding the value of the goods or services in dispute. If these were the only means to settle disputes, it would certainly not enhance consumer confidence in international electronic commerce and would strongly induce merchants to restrict the geographic scope of their offers. This, in turn, would limit competition and consumer choice. ADR systems are more flexible and creative in finding solutions that satisfy both parties, while courts may offer only limited remedies in resolving disputes, particularly where law or regulations prescribe those remedies.

Satisfactory results will be achieved quicker than through court proceedings. And easily accessible published rules of procedure that describe unambiguously all relevant elements will enable customers seeking redress to take fully informed decisions on whether they wish to use the ADR offered or address themselves directly to a court of law.

The GBDe urges governments to adopt policies, which allow ADR systems to properly function on a regional and global level.

Many governments share the GBDe position that ADR is an essential element for the proper functioning of e-commerce and for the enhancement of consumer confidence in this medium. Hence, the GBDe expects governments to adopt policy stances in line with this goal and to refrain from imposing mandatory national or regional accreditation criteria or criteria which distort competition between national and international ADR systems and make it difficult for them to function properly across borders. Governments should permit and promote the development of ADR mechanisms by the private sector, without discrimination. Further, the development of international self-regulatory principles and rules are the basis for vendor declarations of compliance should be supported by governments and ADR systems should be allowed to function on the basis of equity, codes of conduct, or other rules agreed by the parties.

Data Protection

Electronic commerce is inherently global. Increasingly this means that the legitimate interests of consumers must be addressed on a global basis as well. Electronic commerce

depends on consumer confidence that their interests will be protected – wherever the consumer and the merchant may be located in physical space.

This is not a problem that can be solved by governments alone. To take one example, consumers are understandably concerned about what happens to personal data supplied in the course of an electronic transaction. This concern cannot be addressed by consulting the laws of one nation or region, no matter who enthusiastically it seeks to extend that law beyond its borders.

Recognizing this gap, the GBDe is making one of the first truly global efforts to provide consumers with assurances that will be implemented around the world. The GBDe Guidelines on Personal Data Protection were created by a global task force to provide consumers with worldwide assurances about how their personal data will be protected by e-commerce participants.

The Guidelines establish a global baseline of minimum protections that the GBDe companies propose to provide to e-commerce consumers, no matter where they are located and no matter what local laws may or may not require. They do not, of course, supersede the laws of countries that impose more stringent data protection requirements.

The Guidelines establish several fundamental protections for consumers' personal data:

Consumers will receive notice of the policies of electronic commerce companies toward use of personal data and an assurance that their data will not be used for purposes that have not been disclosed to them.

Once the company's policies have been disclosed, consumers will be given an opportunity to "opt out" of the companies' proposed uses. (For sensitive data like medical records, companies will only utilize the information if the consumer unambiguously "opts in" to the companies' policy.)

Consumers' personal data will be protected in a secure fashion, and the steps taken to protect that data will be included in the notice to consumers.

Consumers will have "one-stop shopping" for their privacy concerns – a contact point for questions, concerns or complaints about a company's personal data protection policies.

Children will receive the highest protection; companies will not intentionally use or disclose information about children without the permission of the parent or guardian.

TRUSTMARKS

Trustmark programs are privately developed initiatives that have been developed by different organizations, including private businesses, consumer groups and professional organizations to respond to these concerns. Most operate on a national or regional basis.

The GBDe believes that Trustmark programs can play an essential role by encouraging good online business practices by merchants and by helping consumers identify merchants they can trust. For such programs to be effective, however, they must be

developed and operate in accordance with minimum, voluntary guidelines to help ensure comparable levels of protection among competing programs and greater transparency for consumers.

Accordingly, the GBDe has developed guidelines for those companies or organizations developing e-commerce Trustmark programs, including the minimum standards of practice they should require of the online merchants they certify. These voluntary guidelines are intended to supplement, but would not replace or in any way alter, obligations that may be imposed on a merchant by consumer protection, privacy or other legislation in different national jurisdictions.

An effective, reliable Trustmark program must be affordable, be enforced rigorously and deal effectively with any complaints about the merchants it certifies.

Trustmarks can help small businesses with little brand recognition gain the trust of consumers. Therefore, Trustmark programs must be affordable and open to participation by all businesses. They must back up what they promise with effective systems for monitoring compliance by merchants and for impartial and objective enforcement. They also must be able to deal with complaints, either by offering or requiring the merchant to offer, a mechanism to resolve customer disputes.

Trustmark programs must reflect the interests of all stakeholders, remain flexible to changing requirements and should cooperate with programs in other countries or regions.

A Trustmark program must be developed in full consultation with consumer, industry or professional organizations if it is to gain consumer trust and confidence. Interested parties must be encouraged to provide input on the operation of the system, consumers' satisfaction with the program should be monitored systematically and changes should be made as appropriate. For this reason, the GBDe is committed to reviewing its Trustmark guidelines with consumer groups and others during the coming year, with a view to ensuring they respond to the needs of all stakeholders.

To help consumers identify reliable merchants in foreign jurisdictions and to encourage comparable levels of consumer protection across national boundaries, Trustmark programs should develop mutual recognition or similar arrangements with programs offering equivalent levels of protection in other jurisdictions.

Trustmark programs must ensure that a merchant's business practices relating to electronic commerce transactions are disclosed to consumers.

Merchants must ensure that all information, including information on their business and the goods or services available for purchase, is clear, accurate and easily accessible online. Any representation about a good or service must not be misleading to consumers. Special care must be taken with respect to marketing activities directed at children and transactions with children must only be completed with parental permission.

Merchants must ensure that customer's orders are completed and billed as agreed.

Merchants must make available all relevant information relating to the terms and conditions, costs, shipping and charging and cancellation, return or refund policies applicable to a transaction before it is entered into. They must provide the customer with an opportunity to review the transaction before it is completed and becomes a binding obligation. Merchants also must maintain an adequate record of the transaction after it has been completed to deal with customer inquiries.

Merchants must take reasonable steps, consistent with current industry practices, to protect the security of information.

Merchants should have industry standard levels of encryption for the transfer of financial transaction or other sensitive information and security for data maintained by computers.

Merchants must disclose and adhere to a privacy policy that is open, transparent and consistent with fair information principles.

Merchants must provide notice as to what information they collect, use and disclose to third parties and for what purposes, as well as the choices they provide to consumers with respect to such collection, use or disclosure. At a minimum, consumers must be given the opportunity to opt out of the sharing of such information with third parties.

They also must provide notice as to what access consumers have to such information, provide mechanisms for the correction of inaccurate information, state how they protect such information and disclose how their privacy policies are enforced and what redress is available to consumers in case of violation.

Merchants must disclose their business practices with respect to their use of unsolicited e-mail.

Merchants that engage in unsolicited e-mail marketing must disclose this and maintain a policy that, at a minimum, enables consumers to opt out of future e-mail solicitations.

Merchants must provide consumers with fair, timely and affordable means to settle disputes and obtain redress.

Merchants must disclose information regarding customer service and comply with all commitments, representations or other promises made regarding their online purchases. They also must provide information on how a consumer can contact them to solve any problem relating to a transaction, maintain effective systems to deal with complaints and seek to resolve any disputes in a fair and equitable manner.

Unless full customer satisfaction is guaranteed by an in-house customer satisfaction system, the merchant should offer to submit an unresolved dispute to one or more specified alternative dispute resolution systems.

Governments should encourage the development of competing Trustmark programs and avoid premature attempts to harmonize such programs.

At present only a few Trustmark programs are being used and are widely known. Governments should play an active role in encouraging their development.

However, such programs should remain private sector initiatives. Provided such programs satisfy minimum requirements, such as those set out by the GBDe guidelines, competition among programs should be encouraged to promote innovation, respond to differing local or industry sector requirements and ultimately enhance consumer confidence and choice.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



CYBER SECURITY AND CYBER CRIME

SEPTEMBER 26, 2000

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Introduction

Through the use of information technology, innovative applications and global networks, companies are developing new business models to create, market, distribute, and sell products and services at ever-competitive prices. Thereby, consumers enjoy increased choice and lower prices.

However, the open and interconnected nature of the Internet also involves risks and vulnerabilities. The industry sectors crucial to national and global economic stability and growth (such as telecommunications, financial services, transportation, energy, government services, and the information and communications industries) face increased threats and major economic damage when the underlying information infrastructure is targeted or made vulnerable by illegal activity.

Problems caused by recent incidents such as denial of service attacks on e-commerce sites have highlighted the need for a more resilient and secure Internet. Therefore, cyber security has become a high priority issue on the political agenda at the national, regional, and international level and with businesses all over the world. Equally important as these well publicized cyber attacks are traditional crimes committed by means of the Internet, such as theft of proprietary information and content, fraud, money laundering, and identity theft. In this paper, both traditional and new forms of offences will be addressed.

All Internet users, stakeholders, and governments must meet the security and policy challenges that an open and accessible Internet presents. The known and potential vulnerabilities raise difficult issues for businesses and governments about how to best provide protection for the world's critical information infrastructure. The infrastructure must be strengthened in order to better defend against security breaches, piracy of proprietary information and content, denial of service attacks, computer break-ins by hackers, and development and proliferation of destructive viruses that violate the confidentiality, integrity, and availability of systems by exploiting security holes or poor procedures.

Ensuring the safety and security of those who use the Internet for lawful public or private purposes is thus a critical element of electronic commerce policy that requires high priority attention by leaders in business and government. Network stability and reliability are fundamental requirements for user confidence in e-commerce technologies. Business and governments share an interest in the proliferation of an open and accessible Internet that is safe for legitimate electronic commerce transactions.

For these reasons, the GBDe is providing observations and policy recommendations to all governments, at all levels, so as to begin cooperative, international industry-to-government and government-to-government efforts to enhance cyber security and to fight cyber crime.

RECOMMENDATIONS FOR BOTH INDUSTRY AND GOVERNMENT ACTION

Global Cooperation. Cyber security and universally recognized crime must be addressed on a global Basis. Because the Internet is a global medium that does not recognize geographical, governmental, or political boundaries, the security of both public domain and proprietary information and content is an issue that must be pursued on a global basis. The nature of cyber crime and threats to the critical information infrastructure are dynamic. The security of information requires ongoing commitment, attention, and cooperation of industry and governments worldwide.

Investment in Information Assurance Services. Governments and companies should invest in information assurance and cyber security products, services, and procedures to protect the value of their business, and government information and content, and to prevent misuse by cyber criminals. All stakeholders must ensure that users can safely do business on the Internet.

Use of Existing Cyber Security Tools. The GBDe encourages continued emphasis on the use of existing security tools and the development and deployment of new security tools, authentication systems, and security processes by businesses and governments. Additionally, the GBDe strongly encourages awareness of the potential threats at all levels of government and industry as essential to security and indispensable to an effective risk management process.

R&D Funding. The GBDe recognizes that additional funding by governments for research and development will be necessary to better understand existing and future threats, and to create corresponding robust security technologies for the future. Industry normally invests in R&D that result in security products and services, while government investment is normally in longer-range efforts that lead to products for greater economic security. Joint cooperation and partnerships by universities, businesses, and government will help promote effective R&D efforts.

'Cyber Ethics.' The GBDe companies will support outreach programs designed to instill a strong code of cyber ethics among current users and in the next generation of cyber citizens. 'Cyber ethics' should become a regular and understandable part of the Internet lexicon. Security awareness and ethical on-line behavior should be taught at home, in school, and at the workplace. The implementation of education programs for 'cyber ethics' needs to be done at the individual level, in businesses, in all government organizations, and at all grade levels in schools. Safe, efficient, and legitimate on-line business operations demand the investment by schools, community groups, companies, and organizations. It is everyone's responsibility to become part of a deterrence solution, working together to establish and embrace a reasonable set of information security practices and procedures.

State-Sponsored Industrial Espionage. In order to ensure fair competition at an international level, GBDe companies oppose any state-sponsored industrial espionage to

advance the commercial interest of companies or nations. GBDe companies pledge not to accept competitive information from such sources.

Mutual Cooperation With Law Enforcement. Industry should cooperate—where appropriate and under transparent conditions—with law enforcement authorities, other authorized government agencies or relevant bodies. This also includes the sharing of information by government authorities with the private sector. Most national governments have conducted assessments of their nation’s network vulnerabilities. Governments often have collected and analyzed threat information in the process of providing for their national security. Both types of information, vulnerabilities and threats, can be of great value to businesses and governments should assess how, and to what extent, it should be shared with industry.

RECOMMENDATIONS FOR INDUSTRY ACTION

Industry Leadership in Cooperation With Governments. Businesses generally own and operate the global information infrastructure and, as such, have primary leadership and responsibility for information security requirements, standards, design, implementation, and protection. It is of vital economic interest for businesses worldwide to cooperate with all stakeholders, public and private, to provide for a secure infrastructure to ensure consumer trust.

Information Sharing While Protecting Privacy. Industry manages the private sector portion of the global information infrastructure. Industry should cooperate, company to company, in reporting and exchanging non-proprietary information concerning threats, vulnerabilities, and protective measures. Industry should also cooperate with governments in reporting attacks and incidents of cyber crime, while adhering to national law or other agreements regarding the collection, processing, and disclosure of personal data.

Information Sharing With Governments. The GBDe supports, in principal, the sharing of information, where appropriate, with representatives of governments at all levels. GBDe companies will work within national or regional efforts to identify when, how, and with whom this should occur. This must be consistent with national laws, recognizing that in most cases current laws do not address the potential liability concerns of industry resulting from information received from or provided to the government.

Mechanisms for Information Sharing. The GBDe supports and encourages businesses in all industry sectors, in all regions, to establish mechanisms for the systematic and protected sharing of information regarding:

- Cyber attacks
- Vulnerabilities
- Countermeasures
- Effective information security practices

The goal of information sharing mechanisms is to provide early warning and incident response to gain sufficient expertise in achieving business continuity to minimize the effect of security-related incidents on the global information infrastructure. A secondary goal is the identification and dissemination of information that could be further used by independent expert bodies in industry, academia, or government in solving technical issues, creating better security practices, or prioritizing R&D funding.

Voluntary Participation in Mechanisms. Participation in information sharing mechanisms should be voluntary, industry-led, and may be virtual, as determined by the industry stakeholders in each sector or region. It is recognized that each company must decide for itself the liability exposure it is prepared to accept for such information exchange, given the current legal structures.

GBDe Leadership in Creating Mechanisms. GBDe companies are committed to lead the development of mechanisms for the systematic and protected sharing of information in their respective countries. Information sharing mechanisms should be created from the initiatives of private companies and should seek to maximize global cooperation. It will be important for each mechanism to determine what information is to be shared between the enterprises or between the enterprise and the government.

Identify Barriers to Information Sharing. GBDe companies are committed to work together, with each other, with governments, and with other stakeholders to identify and, where possible, to overcome legal, structural, and competitive barriers that create disincentives to productive information sharing for the public good. The GBDe will define the nature of information sharing barriers of concern to GBDe companies and issue a progress report of our findings in 2001.

GBDe Progress Report in 2001. The GBDe will issue a progress report in 2001 to all governments regarding progress in creating such voluntary information sharing mechanisms. The objectives of the mid-year report will be to describe:

Where information sharing mechanisms are located around the world.

The make up and character of information sharing mechanisms.

To identify objectives of, and legal, structural, and competitive barriers to information sharing mechanisms.

Assess the possibility for mutual information exchange and cooperation with other information sharing mechanisms.

RECOMMENDATIONS FOR GOVERNMENT ACTION

International Agreements To Combat Cyber Crime. Any legal framework to combat cyber crime should focus on comprehensive international solutions which are carefully tailored and balanced, taking into account the expertise and adequate involvement from industry. Regulation should meet the requirements of flexibility and broad international

compatibility. Regional agreements are not sufficient to address the global nature of cyber crime.

Governments Should Clarify Substantive Criminal Laws. In order to arrest and prosecute cyber criminals, it is recommended that governments review, clarify, and make interoperable laws regarding all forms of cyber crimes, e.g., malicious hacking, cyber piracy, denial of service, and ensure that such laws are in place and vigorously enforced. This review also requires intensified cooperation in an international setting, including coordination of national law enforcement procedures.

No Increase of Regulatory Control. The GBDe encourages governments to continue to address criminal behavior on the Internet. However, governments must refrain from imposing increased regulatory control. Traditional criminal offences committed by means of the Internet should be analyzed through a policy framework that ensures that on-line conduct is treated in a manner consistent with the way offline conduct is treated.

Avoid Cost Shifting. The GBDe recognizes industry's role in assisting governments and law enforcement agencies in fighting cyber crime. However, care should be taken to not shift government costs of crime fighting directly to industry players doing business on the Internet. Government law enforcement mandates on industry must be carefully considered for their impact on costs, especially for small and medium size enterprises.

Use of Government Owned Investigative Technology. The GBDe recognizes that some national governments or law enforcement authorities are developing government owned investigative technology tools for use on-line by companies or governments for combating cyber crime. The GBDe recommends that governments and businesses cooperate and discuss the need for transparent laws and operational requirements regarding when, where, and under what conditions such tools might be used. Furthermore, as new national policies are being developed to fight cyber crime in the Internet medium, industry views should be fully considered, especially if law enforcement procedures may want to mandate companies to routinely attach government investigation technology tools to company owned and operated networks. Companies must understand the impact of such technology on a business information system and also the impact on maintaining consumer trust and privacy as well as the industry's own economic viability.

Remove Controls on Encryption. Government should remove any remaining controls on commercial encryption technologies, since encryption is a powerful tool for protection of data transmitted over the Internet or stored on computer systems. Government restrictions on the import, export, or domestic use of encryption technologies hinder security of the Internet.

Industry-led Standards to Protect Proprietary Information and Content. Many GBDe members are currently involved in ongoing multi-industry efforts to develop and deploy technical protection measures to identify and protect proprietary information and content made available over digital networks. Governments should encourage the development

and use of such industry-led measures and should refrain from mandating government requirements or standards in this area.

Government-To-Government Coordination. The GBDe strongly supports government-to-government coordination and cooperation at the international level so that law enforcement investigative demands of one country would not violate the laws of another country. This problem is expected to become more acute as the Internet makes data storage more efficient and available globally.

Shortage Of Skilled Workers. The GBDe recommends that national governments focus attention on the critical shortage of skilled workers that currently exist, especially in the information security area. The demand for security specialists will only increase as more companies are going to use digital global networks.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



DIGITAL BRIDGES TASK FORCE

SEPTEMBER 26, 2000

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Introduction

The digital divide is not a new issue. Our challenge is to build on the promise of digital technologies and to foster an environment for investment and economic opportunity within countries which are not yet participants in the digital economy. The new economy – and access to market information, connectivity to world markets, and easier, cheaper availability to inputs – can be a spur to growth everywhere and create opportunities for new market entrants.

The term “digital divide” can have several meanings. For some it is the risk that the rapid introduction of digital technologies will increase the economic and other disparities between industrialized and lesser developed countries. Under this view, e-commerce represents yet another stage in world growth and prosperity which may leave them further behind. Another meaning of “digital divide” is based on the widening gap within countries, including the industrialized North, between the prosperous and educated, and those without skills needed for the information age, between densely populated conurbations and isolated rural areas.

For both forms of digital divide, our central belief is that e-commerce can offer great opportunity, the basis for a leapfrog in development to the creative community, entrepreneurs, consumers (and indeed state institutions) in emerging economies. E-commerce is an enabling tool; at the same time the solutions it offers must be tied to wider development needs.

WORK OF THE DIGITAL BRIDGES TASK FORCE

The Global Business Dialogue on E-commerce created a task force during 2000 in order to contribute meaningful solutions to the digital divide. The Digital Bridges Working Group focuses on the role which business can play to help bridge the gap and on advocating a market-led economic climate which states, notably those in emerging economies, should favor. Our initiative addresses both forms of “digital divide”.

As more fully explained in this short summary, the new Digital Bridges Working Group set as its objectives reinforcing the GBDe’s outreach efforts to countries with emerging economies; pursuing targeted advocacy goals; responding to regulatory initiatives; serving as a clearinghouse of GBDe projects which bridge the digital divide; and developing further recommendations on policy issues related to the digital divide.

The work of our Digital Bridges Working Group paralleled the activities of the G-8 states which, at the Japan summit in July 2000, called for the creation of a dot force to bridge the digital divide. The working group submitted several papers to the G-8 states in the preparation of the summit, notably presenting a list of the projects undertaken by GBDe

members which address digital divide issues. In 2001 we intend to continue our contribution to the dot force, in cooperation with the World Economic Forum and possibly other leading global private sector organizations.

Also in 2000, we established and began meeting the goals of the Digital Bridges Working Group. Its work is chiefly measured by its activities in assisting in the development of a policy framework for the development and launch of e-commerce services in emerging technologies. During the year, GBDe members have:

As part of our work in advancing an commerce policy module, met in Cape Town with senior government officials preparing the policy framework in South Africa for e-commerce and again in Brussels with a delegation of Members of Parliament of South Africa, members of the Portfolio Committee on Communication, to review progress on the framework;

Presented the Digital Bridges program to the European Commission during the GBDe experts meeting in June;

Submitted materials, notably on the digital bridge activities of GBDe members, to delegations to the G-8 summit in Okinawa; and

Participated in a meeting of the eASEAN Task Force in Kuala Lumpur to present the Recommendations of the GBDe and to set in train a process for further consultation and cooperation based on a Statement of Cooperation between the eASEAN Task Force and the GBDe, to be signed in Miami.

YEAR 2001 INITIATIVES

The central elements of the 2001 program of the Digital Bridges Working Group build on these initiatives. Our objectives are, first, to assure that GBDe and its members can contribute their expertise to the success of the G-8 dot force, in part through the GBDe's positioning as a **key private sector reference point** for that initiative. As noted, the GBDe will coordinate its efforts with the World Economic Forum and possibly other leading global private sector organizations.

In addition, the Working Group will further elaborate its policy module comprising **substantive contributions** to the development of a suitable policy framework in emerging economies (through meetings and written materials) and a **process of interaction** with national and regional entities. This will build on our experience with the eASEAN Task Force and South African MPs and will often be in concert with the Advocacy Working Group. This process can result in longer term arrangements reflected in a memorandum of understanding or cooperation agreement. The written materials will be based on the overall GBDe Recommendations and will be tailored to the requirements of the emerging economies. The written materials will evolve as further GBDe

Recommendations are adopted and generic help tools are developed. In the near term, the Working Group can contribute to the green paper process in South Africa, build on the Statement of Cooperation to be signed with the eASEAN Task Force in Miami, and extend these principles to other regional organizations, for example to the countries part of Asia Pacific Economic Cooperation (APEC).

The Digital Bridges Working Group will also complete its “**clearinghouse**”, a compendium of existing digital bridges projects of GBDe members (initial preliminary lists were prepared for Okinawa) and from this list develop a methodology of **best practices** for the choice and implementation of such projects. Moreover, together with other GBDe working groups, we will identify and work to form consensus views on **policy elements of particular interest to emerging economies**, notably on strengthening the global information infrastructure.

Annex 1

Clearinghouse of digital bridges efforts of GBDe companies

The GBDe submits a compendium of projects undertaken by its member companies as part of their effort to bridge the digital divide. These projects cover activities both within their respective countries and in emerging economies.

This compendium is part of the GBDe Clearinghouse of such projects. They have been compiled by its Digital Bridges Task Force and will serve to identify best practices for similar future projects whereby interested parties, whether governments, multilateral institutions, business, non-governmental organizations, foundations and the academic community, can work together to ensure that every country has the opportunity to be part to the information technology revolution. A second prominent objective of the Task Force is the creation of a "Policy Module" which will, based on the expertise of GBDe members, assist countries and regions in emerging economies as they develop a policy framework favorable for the flourishing of e-commerce services. Working with the e-AEAN initiative on the basis of a Statement of Co-operation to be signed in Miami, would be the first module developed.

The effort to bridge the development gap, however, is not new. Several of GBDe members have been involved over decades in a number of corporate responsibility projects in lesser-developed countries. Also many are involved in leading edge commercial Internet projects intended to help states leap ahead in their development.

It should be noted that, in an earlier stage, this paper was already submitted to delegations to the G-8 in preparation to the Okinawa Summit in July 2000, and in particular in connection to the activities of the G-8 States, calling for the creation of a dot force to bridge the digital divide. In 2001 the GBDe intends to continue its contribution to the dot force, in cooperation with the World Economic Forum and possibly other leading global private sector organizations.

Finally, the review of digital divide projects is continuing. This compendium is therefore preliminary and only illustrative of the range of GBDe member companies' commitment to engage their managerial and technical expertise for the purposes of bridging the digital divide.

ACER

Acer was the first company brought Microprocessor technologies into Taiwan. In 1978, Acer trained 3000 microprocessor engineers who have become the major leaders of Taiwan IT industries. Now, Taiwan has been one of the most significant IT centers in the world. Acer made the digital bridge for Taiwan industries. Acer and Mr. Chu, the copyright owners of Cha-Jei software, **donated the codes to public without charge**. Cha-Jei has been the fastest and professional way to input data in Chinese, and the most popular way of input besides Phonic input. Chinese consists of millions of non-alphabetic characters and used by more than one billion people around the world. Acer made the bridge between digits and picture-like Chinese letters. Recently, Acer has focused on **the bridge between artists and digital machines**. Acer believes that digital culture should be more than science movie or odd stories. For last three years, Acer has sponsored various digital art training and assistance of hard/software to famous dancers, painters in Taiwan. Acer makes the digital bridge for contemporary fine arts.

ALCATEL

The capacity to provide information content and Internet services to all parts of the world depends largely on the availability of telecommunications infrastructure. In developing countries, where in certain cases less than 1% of the population has a telephone, leapfrog projects in infrastructure are essential.

As stated by Serge Tchuruk about Private sector contributions to the recent G8-Summit: "There's a clear message giving Nations a chance to jump ahead in their economic development thanks to rapid deployment of a powerful new kind of infrastructure - that of high speed access to the Internet which opens the door to the Information Society." By forming partnerships with network operators and service providers, such programs will bridge both regional and global needs to provide similar telecommunications technology and capacity worldwide.

Regional programs

To build the digital bridge, Alcatel is committed to a number of regional projects, such as the joint venture **Europe*Star** – which is a satellite program that will offer the same Internet services throughout Europe (including Central and Eastern Europe), Southern Africa, the Middle East, the Indian Subcontinent and South East Asia. **RASCOM**, another strategic satellite project dedicated to increase African connectivity will give digital access to more than 500 000 isolated villages across the continent.

National programs

As is the case in the western part of the United States, many countries have vast isolated areas, generally under populated and difficult to reach. Alcatel is the founding partner to **Skybridge**, which is a low earth orbit satellite project that will provide multimedia Internet access via small antennas linked to the global information infrastructure.

Local programs

At the user end of Internet access, which is largely dependent on the availability of local content, Alcatel is working with partners in the field to define innovative Internet services well fitted to meet population needs. For Alcatel, Internet usage and applications in developing countries cannot be a mere transposition of the way Internet is used in developed countries in the North. In the developing world, Internet should be seen as a communication tool to support economic and social development.

In **Senegal**, Alcatel has engaged in building African-based application domains for the Internet by supporting a number of innovative local-content services open to the general public. Applications address traditional trade and proximity needs taken using daily life cases (e.g. health care, product transport chain, or training dissemination methods).

In **Cambodia**, Alcatel is active in the field of professional training by sponsoring and contributing to the operational management of the Cambodia Technology Institute. The purpose of the Institute is to develop local expertise in ICT and create a highly skilled national workforce capable of bringing Cambodia's communication infrastructure up to the level of neighboring SEA countries.

ANDERSEN CONSULTING

OpportunITy Initiative

OpportunITy initiative is an effort led by Andersen Consulting and the United Nations Development Program (UNDP), in cooperation with the Markle Foundation and other potential partners. The initiative will design a strategic approach and help mobilize action on the ground from the international community to assist developing economies in pursuing the opportunities and benefits offered by the Information and Communications Technology (ICT) revolution. The aim is to use the power and efficiency of ICT and the Internet to promote sustainable development in those countries and communities that are currently failing to benefit from the network revolution.

The OpportunITy initiative will involve three main components: setting an overall strategic approach for bridging the global digital divide before this decade is out; initiation and/or scaling up of a series of exemplar initiatives across the world over the next twelve months; and execution of a campaign to win the hearts and minds of all stakeholders in support of the real development benefits of ICT investment. The OpportunITy initiative will run for twelve months and report back in time for next year's G-8 Summit.

South African Public Information Terminals (PiTs)

Andersen is working with South Africa's Department of Communications to develop a web-enabled architecture to extend eTechnology to those population groups who would like Internet access but cannot afford the cost of private access facilities (e.g., a home

PC). Access is provided through Internet terminals deployed in public areas; the network is expected to grow into thousands of terminals within the next 3-5 years. The PiT will make available a range of eServices including email, more efficient access to government facilities (birth registration, ID applications, etc.), distance learning, and a range of other community services, such as employment search assistance. A host of trading-related functions geared toward small businesses will be introduced into the PiT service. These features will include virtual office capabilities (providing services ranging from a simple business letter template to a unified messaging system linking voice and text), e-procurement services (linking back into government and private businesses) and others to support mobility and compensate for shortfalls in conventional administrative and financial services.

Indonesia

Together with the Central Board of the Indonesian Council of Mosques, Andersen is spreading the use of the Internet for education and commerce for consumers and small businesses. The initial plan is to provide access to 1,500 mosques, with Compaq providing the hardware. Also, in partnership with a leading business magazine and the Association of Indonesian Young Entrepreneurs, Andersen is identifying 50 SMEs with good prospect and practices to be targeted for recognition and assistance from local consultants. Most of these firms are “old economy” businesses, and the E 50 will help them to move into the digital world.

Cambridge Childcare Project

An initiative of Andersen Consulting in London and Windsor, the Cambridge Childcare Project provides web-enabled solutions for unemployed single parents to access information on childcare, training and job opportunities and on other issues connected with moving into employment. Companies, local authorities, childcare and other service providers and charities provide information, which is made accessible through kiosks and terminals in public libraries, the Citizens' Advice Bureau, charity offices, companies, Department of Social Security terminals, and other public locations to those without their own Internet access.

Cyber Ecole

Andersen Consulting sends five-member staff teams into underprivileged schools in France to work collaboratively with both teachers and children in the use of ICT technologies. Children build their own websites and use all types of multimedia to create online content that is relevant to them. Andersen Consulting in France has also funded a central program website and a project management knowledge exchange for teachers. To date over 200 Andersen Consulting staff have been involved.

Native Americans

In New Mexico, Andersen Consulting joined the White House in its efforts to bridge the digital divide for Native Americans by committing to provide in-kind services including “dot.com launch centre” support for American Indians businesses interested in using the web and equipment/internet connectivity in tribal locations.

Educational programs

Andersen Consulting incorporates technology into several of its charitable activities.

For example, Andersen's Discovery program is an educational enrichment initiative designed to give technology skills to students in at risk neighbourhoods in Philadelphia. Over 250 Andersen employees have volunteered their Saturday mornings to teach students how to develop content and use various computer technologies such as digital photography manipulation, graphic design and website development.

In Washington, D.C., Andersen donates \$20,000 a year to the "Good Samaritan Foundation," a non-profit founded by former NFL players with the mission of helping disadvantaged youth in the nation's capitol learn about technology and gain experience in using it through corporate internships. The organization's long-term goal is to build and wire a large technology/learning centre in Anacostia, one of the city's poorest areas.

In Minneapolis, Andersen's 8-year partnership with a local high school includes an e-mentoring initiative that pairs professionals with high school students, enabling virtual, and often more frequent -- communication. Andersen has also helped the school plan and build a new science and technology wing. In Chicago, Andersen Consulting is teaming up with Junior Achievement, the Chicago Public Schools and ePrairie.com to develop a curriculum to prepare students for careers in technology. The program will complement the city's 5-year plan to wire the schools, train the teachers and prepare the students for the future. Andersen Consulting will provide volunteers to teach in the pilot schools. Future plans may include expanding this program in other markets.

AMERICA ONLINE

AOL is working to create a single source to first, offer information about efforts to provide underserved communities with access to technology and, second, provide tools for information sharing and community building among those working to bridge the domestic and global digital divides.

The Digital Divide Network launched last summer as the nation's premier clearinghouse of grants, funding opportunities, best practices and toolkits for bridging the digital divide. With more than 30,000 unique visitors per month, the Digital Divide Network continues to be a primary resource for government, industry and community efforts aimed at promoting digital opportunity. As part of an ongoing commitment to global digital opportunity, the Digital Divide Network will partner with international stakeholders and participating companies to create an "International Channel" within the Digital Divide Network. The new channel will contain links to the best available resources existing around the world. It will also allow international partners and members to interact in a virtual idea exchange of program and policy initiatives. The new resource will be free to users and will be fully searchable. The Digital Divide Network will also begin to make its

content available in other languages, starting with the International Channel - making it the premier multilingual clearinghouse for digital opportunity in the world.

Power UP internationalisation

PowerUP, a multimillion-dollar collaborative effort of more than a dozen major corporations, non-profits, and government agencies, helps underserved youth obtain the skills, experience and resources they need to succeed in the digital age. Based in schools and community centres around the United States, PowerUP not only provides young people with access to the wide range of content and information on the Internet, it also helps them to develop additional skills they need to succeed in the digital age. The program consists of PowerUP's "PowerPack" that delivers Gateway computers; trained adult staff; access to the Internet via AOL; innovative life enriching programming via PowerUP Online; healthy snacks from PowerBar; links with schools and educators; and community grants. PowerUP, in conjunction with America Online, proposes to launch four international PowerUP sites in 2001. These initial sites, located in cities with America Online corporate headquarters, will serve as the model template for PowerUP International. The goal of the international program will be to adapt the PowerUP "PowerPack" to meet the needs of various cultures, languages, and economies and provide it as a model for other countries to use. Key elements include:

- PowerUP will adapt its online portal to be culturally and linguistically appropriate for each geographic region.
- PowerUP will refine the use of PUPnet, a community extranet for PowerUP staff, to adapt to the needs of our international partners. PUPnet is designed to foster collaboration and sharing of best practices. In an international context, PUPnet will help share information on using technology to promote positive youth development.
- PowerUP will adapt its training strategies for international NGOs working with youth and technology. PowerUP will also provide the necessary training for PowerUP site staff to help those involved best implement the PowerUP program.
- PowerUP will explore international partnerships to provide hardware and software.

USTTI

AOL is on the USTTI board and will be sponsoring a group of foreign government leaders and regulators this July for a weeklong course on Internet technology and policy issues. AOL has also committed to sponsor a second round of training later this fall.

Digital Divide grants

The AOL Foundation's Digital Divide Grant Initiative seeks to invest in non-profit organizations, social entrepreneurs, and collaborative ventures working to empower disadvantaged communities and populations through technology. The Foundation plans to support a variety of projects designed to close the digital divide.

AOL@SCHOOL

AOL offers a variety of age-appropriate educational content, state-of-the-art communications features and special safety tools for teachers. Provided free of charge to K-12 schools, the program builds upon the in-roads made in wiring the nation's classrooms. Internet enabled schools can install the free AOL@SCHOOL software and take advantage of collections from many of the world's great museums and libraries, such as the Metropolitan Museum of Art and the Library of Congress, as well as education-specific sites like BOXERmath.COM, and Homeworkhelp.com. [AOL@SCHOOL](#) also provides access to content from leading textbook and content providers such as Scholastic Inc., Pearson PLC, and Harcourt General. Student portals provide a suite of features such as encyclopaedias, a calculator, and other learning and communication tools.

BERTELSMANN

Media competence is the keyword for Bertelsmann's contribution to the GBDe clearinghouse.

Bertelsmann AG is offering to its employees worldwide a free Internet-enabled personal computer of their own to keep for personal home use. All computers are equipped with the necessary hardware and software for accessing the Internet without any additional costs. The goal of the Bertelsmann PC program is to ensure that all of its employees and their families have access to the unlimited resources for education, enrichment, and entertainment available on the Internet. Above all, this offer is especially important for those employees and their families who have had only limited exposure to the PC and the Internet.

Moreover, the Bertelsmann Foundation is involved in numerous initiatives, which offer suggestions and solutions for dealing with the future of media. Developing media competence among users, media professionals and businesses is a key priority. In cooperation with the Foundation, schools and universities are testing comprehensive concepts of use of the new media in order to expand key qualifications for the information age. The Media Academy in Cologne prepares journalists and managers for the media environment. A newly created Institute for Media and Communications Management will soon qualify young future European executives. Training modules are addressed to journalists, authors and publishers. Another recent example is the foundation of the "IT-Akademie". This academy will provide teaching facilities for about 130 IT-students per year.

BBVA (BANCO BILBAO VIZCAYA ARGENTARIA)

BBVA has made a commitment to deliver to each employee a computer. This computer is intended to be installed in the employee's household and can be used by all the members of his family. BBVA has also arranged for Internet access at a highly discounted rate.

The goal is make the Internet, Information Society services and e-commerce accessible to all members of the BBVA family (and not just management). This commitment extends beyond Spain to all the countries where BBVA has substantial activities, including the emerging economies of Latin America.

CABLE & WIRELESS

Cable & Wireless is globally committed to support its local communities and to respond to their needs. This commitment reflects the company's corporate values and is implemented through its community investment program. Specific focus is given to projects that improve access to, and the understanding of, communications for groups and individuals that otherwise would be excluded from the advances of digital technology. Cable & Wireless' means of bridging the digital divide in our society is to encourage local and international educational partnerships with charitable and community organizations including active involvement of its employees.

Internet access and computer hardware donations

Many initiatives have been implemented to support those with the greatest needs, by enabling free access to the Internet and through computer or other hardware donations to schools, universities or other groups in society, e.g. in Antigua, Anguilla, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Jamaica, Monserrat, Falkland Islands, Panama, St. Helena, St. Lucia, St. Kitts, United Kingdom, U.S.A and Vanuatu.

As part of Cable & Wireless' community investments in the Caribbean, our business in **Barbados** has committed to support EduTech 2000. This is the Government's Education Sector Enhancement Program through which designated government and private schools and other educational institutions will be able to inter-connect with each other via a dedicated network. The project spans 7 years by the end of which all of the government's 83 primary and 23 secondary schools will be connected for the benefit of the nations' 50,000 school children. Cable & Wireless in Barbados has committed to provide the telecommunications services to support this program over the 7 years, by provision of facilities management, a secure and dedicated network for internet connectivity and a messaging facility, as well as network management services.

One example of our "grass roots" partnerships has been carried out by Cable & Wireless in **Jamaica**. The company is both a major contributor to education and an active sponsor of three rural-based schools and runs specific schemes in inner-city schools. Each year, a needs assessment is conducted with principals of these schools in order to determine those areas where urgent assistance is required. Assistance to these institutions has come in many forms, including the construction and refurbishing of classroom buildings; providing materials for the construction of classroom furniture; equipping the Home Economics and Industrial Arts centers with tools and appliances; refurbishing lavatory facilities; the provision of computers, electric typewriters and photocopiers; repaving school premises; assisting in paying teachers salaries, providing computer training and free access to the Internet. Additionally, the company grants five-year scholarships

annually to students based on their performances in the Common Entrance Examinations. Cable & Wireless Jamaica has donated computers to primary schools through the Ministry of Education's Edunet program, which seeks to provide primary schools with access to the Internet. Additionally, several other schools and charitable organizations have been the beneficiaries of their schemes. The company has also donated computers to Ruseas High School in Hanover in fulfillment of its contribution to the Jamaica 2000 program organized by the Jamaica Computer Society. The program's primary objective is to equip students with computer skills they will need at the workplace in the 21st century. A program offering both basic and advanced computer training for teachers at the institution was also organized.

Technology training

Next to providing access and equipment, Cable & Wireless is committed to training people of all ages in technology related issues.

Over the last three years people from 150 countries have received **scholarships to study technology** in the United Kingdom. Cable & Wireless has agreed to provide 10 additional Masters Degree Places each year for study at Cambridge University.

Education and Juvenile Service Department of **Macao**, School Intranet Establishment and Internet Communications, workshop to promote usage of Intranet at schools. Through the Macao Computer Association several other IT events have also been organized.

Cable & Wireless is working in partnership with the Ministry of Education in promoting Internet education in schools in the **Seychelles**. It also supports youth groups attending Internet Summer Schools in **St. Lucia**.

Cable & Wireless works in close partnership with Camden ITeC, a charity offering employment-related **IT training to ethnic minorities and refugees** in North London. Through the project the most disadvantaged sections of the community are offered opportunities in the world of work. Since the start of the project nearly 6,000 young people have been trained by ITeC in numeracy, literacy, IT and business administration skills. The program has already been recognized with a Special Certificate in the Dragon Awards, run by Business in the Community in the UK.

International projects creating and promoting safe areas on the Internet

One of their prime projects will be the Cable & Wireless **Childnet International Awards**, which will take place in Washington in 2001. It was created to promote positive, new and safe uses of the Internet by Children. Cable & Wireless is the primary sponsor of the Awards, an international competition to reward children, and those working with them, who develop outstanding interactive Internet projects that benefit other children. Award ceremonies have been held in the United Kingdom, Australia and Barbados to date.

Deafchild International is a project which has sprung from the Cable & Wireless Childnet International Awards. Cable & Wireless has been actively involved in the development and the launch of a website created and run by deaf people for deaf children and to link them with other children worldwide. The aim of the website is to motivate deaf children to use technology to connect them to other children internationally. The aim is to improve the children's literacy, communications skills and level of awareness through live chat and games.

Speak Out! is an Internet based project that will create an Internet platform and support materials for students across Europe to discuss and reflect on issues around diversity, human rights, free movement, sports, and Europe related issues.

Internet Content Development

Through support from Cable & Wireless many international charities have been able to develop their websites to serve good causes globally.

In the UK, **Befrienders International** has established the world's most comprehensive online directory of suicide helplines providing information about suicide and its prevention in 11 languages, including Arabic and Chinese. It also serves as a portal to over 1,700 international helplines. Page viewings increased by 600% in just seven months. Through its new web site the organization seeks to reach more people internationally and guide a greater number of people to find the appropriate help in their local communities.

RedR, Engineers for Disaster Relief (charity) have developed their website into an interactive recruitment and information platform for engineers to be placed on humanitarian aid projects internationally.

The Royal Opera House website has been designed to increase public access to the work of the Opera House and information about its programs. It includes educational material to encourage schools and colleges to develop their interest in opera, ballet design and production. The site is a key element of the Royal Opera House's plan to increase international public access to its work and to enable those who may not be able to visit to benefit from this center of excellence.

DEUTSCHE TELEKOM

Deutsche Telekom has a number of initiatives to support young people on their way into the digital age. It launched the "Schools Online" project three years ago in collaboration with the German Federal Ministry of Education. To date, institutions and industry have together connected about 15,000 schools to the Internet, of which 12,000 with the support of Deutsche Telekom alone. This has not only improved the infrastructure in the schools; it has also promoted the comprehensive development of concepts for both teaching and teacher training. Furthermore, an interactive "Teachers online" service has been established as a forum for discussion and a source of advice and help.

At the International Press Colloquium in February this year, Deutsche Telekom together with the German Chancellor Gerhard Schroeder launched the “Germ@ny goes online” which follows up “Schools online” at an accelerated pace. Deutsche Telekom is now offering to equip all of the approximately 44,000 schools in Germany with an ISDN line and a T-Online access free of charge with its initiative T@school. In this context, 20,000 PCs are supplied for so-called “media-corners” ([T-Cl@ss](#)) as well as for Internet classrooms ([T-Cl@ssroom](#)). Moreover the schools do not have to pay any telephone or online charges for the use of the Internet. In addition, each school will receive its own homepage and will be able to establish up to 10,000 e-mail addresses of its own. Furthermore, a separate school portal will be added to the T-Online education section. Another project is called [Team@school](#) in which several thousand volunteers, employees of Deutsche Telekom, support teachers with the installation of hard- and software including special training courses for Internet applications. Beginning this autumn, Deutsche Telekom will introduce another service with a flat rate component: for about 1 DM a day, schoolchildren will be able to surf the Internet at home without further charge between 2.00 PM and 6.00 PM.

Deutsche Telekom’s initiative extends beyond schoolchildren: new technologies can offer special opportunities for all those who are seeking an apprenticeship. As part of the “Fit for the Information Age” initiative launched by the former German President Roman Herzog and supported by leading IT and communications companies, Deutsche Telekom has given young people without training positions access to information networks and new training media in its “[Life-Long Learning](#)” project. This enables them to receive online training in a variety of fields – including technology, business and languages. The positive public response underlines the success of this qualification project, which has closed the gap between school and further vocational training.

THE WALT DISNEY COMPANY

Creative Learning Grants

Disney’s Creative Learning Grant program does not focus on the use of technology exclusively, but it often targets projects designed to get teachers and children to use technology in ways that promotes thinking and creativity. Recent research shows that in computerized instructional efforts tend to emphasize drill and rote learning for low income kids and more inquiry-based learning for middle and upper income kids, so Disney attempts to support programs that provide effective examples of how technology can be used in the service of creative teaching and learning for low-income children. For example, at Swan Valley Elementary School in Irwin, Idaho, teachers and students are using a Disney grant to develop a web site that integrates students' hands on research on their local surroundings with Internet-based investigations that require finding, analysing and interpreting data. They are also reaching out to other schools via the Internet to engage them on collaborative research projects on science and natural history projects. At Seba Dalkai School in Winslow, Arizona, a CLC grant supports the development of an integrated humanities curriculum centred on the students’ native Navajo culture and language, with use of Internet-based research accompanying more conventional teaching methods. Students also create original dramas, performances and exhibitions to show what they have learned that make extensive use of computer and video technology.

Disney is supporting a total of 32 elementary schools across the United States with this multi-year grant program.

EASTMAN KODAK

Digital Villages

Since 1997, Africare and its partners have been implementing their Digital Village project, an initiative aimed at providing training in and access to information technology to disadvantaged communities throughout South Africa. Digital Villages are aimed at making educational, cultural, and business resources available through the 'computer technology superhighway' in an accessible, affordable, and sustainable way. Africare works closely with several partner companies, such as Kodak, to provide funding and technical expertise. Digital Villages are computer education and resource centres located within the community and focused primarily on children. Since 1997, five Digital Villages have been established. The Villages provide access to personal computers, current software, multimedia educational CD-ROMs, digital imaging, video conferencing, scanners, fax machines, printers, and the Internet. Training in computer basics, Microsoft Windows 98 and Office programs, the Internet, and e-mail is also available. Africare hopes to extend the scope of the Digital Village beyond education and computer literacy to support of small business creation, basic education for adults, distance learning, and HIV/AIDS awareness.

Telemedicine

Kodak, the Harris Corporation, NetCom Solutions International, the University of Virginia, and the Community & Learning Information Network are working with South African partners to provide telemedicine and distance education with the aid of wireless technology. Kodak is involved in four aspects of the project:

- using technology for accurate and consistent monitoring;
- providing remote diagnosis possibilities, extending the range and timing of treatment possibilities;
- managing medical records; and
- delivering medical knowledge to health care providers.

FRANCE TELECOM

France Telecom is responding to the triple challenge raised today by the global Information Society: to facilitate the adoption by all categories of citizens of the new services and to fight against local isolation; to offer to the territories access to new technologies; and to find uses of these new technologies to serve as an instrument of economic and social progress. To this end, France Telecom has launched a complete range of services such as "Scolagora", to interconnect school; "Espace Ecoles", "Studio Internet" and "Educaroc", programs relating to education and training; "NETANOO" for local public access to the Internet; "Liberalis", "Egora" and "Oléane Santé" for the health

sector. In parallel, France Telecom develops partnerships with different associations of the disabled to help facilitate their access to new services.

These programs are complementary to France Telecom's support for the development of telecommunications in emerging markets. Significant investments have been made in Argentina, China, Ivory Coast, Egypt, El Salvador, Indonesia, Lebanon, Mexico, Senegal and Vietnam. It has increased the access of these countries to world markets by linking them through value-added services including global voice, data and Internet protocol services. These it furnishes through Global One, and through its worldwide ATM network, access to Internet by satellite, and fiber optic submarine cable (for example, its participation in the Safe/Sat 3 WASC system linking Portugal, India and Malaysia via South Africa).

FUJITSU LIMITED

JAIMS

Fujitsu established JAIMS (the Japan-America Institute of Management Science) in Honolulu, Hawaii, in 1972. This mission of JAIMS is the contribution to the human and economic development of the Asia-Pacific region by educating and training managers in global economy.

JAIMS have been conducting Information Technology Seminars. That is an opportunity to explore state-of-the-art issues and concerns in information technology and related media. Delivered on-site or at JAIMS (the Japan-America Institute of Management Science), the seminars can bring together managers and staff with experienced instructors who are well versed in the application of information technology. Examples: Information Network Systems, Network Trends/Electronic Commerce, etc.

The Fujitsu Scholarship programs are available at JAIMS and the College of Business Administration, University of Hawaii at Manoa in Honolulu, Hawaii. The full-tuition scholarship and monthly stipend is available to citizens in Asia-Pacific region.

HEWLETT PACKARD

PowerUp

HP is a major multi-million dollar contributor of printers and related equipment to each PowerUp site, and has committed to recruiting HP employees and retirees to participate in the programs as telementors. PowerUP, a multimillion-dollar collaborative effort of more than a dozen major corporations, non-profits, and government agencies, helps underserved youth obtain the skills, experience and resources they need to succeed in the digital age. Based in schools and community centers around the United States, PowerUP not only provides young people with access to the wide range of content and information on the Internet, it also helps them to develop additional skills they need to succeed in the digital age.

LINCOS

HP is working with the Foundation for Sustainable Development of Costa Rica to introduce modern Internet connectivity and information technology into developing regions – starting with Central America – that are currently poorly served by such technology. Primary applications are health care and education e-services, access to markets and capital, and information-based jobs, including means to facilitate local enterprise with environmentally friendly activities such as improved agricultural productivity, and eco-tourism. HP's program emphasizes partnerships with local companies, organizations, and governments to insure appropriateness of technology and business models, to maximize adoption rate, and to provide the best service to the end users. The goal is to develop a basis for state-of-the art Internet-enabled e-commerce and e-services fully sustained by local economic vigour. LINCOS is currently in operation in Costa Rica and the Dominican Republic, with extensions imminent in the rest of Central America and Senegal. HP began a similar program this year with the Grameen Bank in Bangladesh. Discussions are now in progress with a large number of other organizations around the world.

Schools Online Partnership

HP Bulgaria is supporting the launch of a new initiative by Schools Online to bring Internet access, teacher development and education opportunities to classrooms throughout Bulgaria. HP is sponsoring the first of 13 school-based education technology labs. Each lab will provide ten state-of-the-art computer systems including a printer, scanner, large screen TV, Internet access lines and computer support.

Digital Village Program

Through the Digital Village Program HP will work with three underserved communities in the U.S. to help them fulfil their aspirations for participation in the New Economy. HP's Digital Village Program builds on the company's legacy of supporting and promoting lifelong learning through technology, philanthropy and community outreach. HP will work with each community to develop a three-year Community Technology Partnership plan. The program will guide the investment of up to \$5 million in products, people and partnerships for each community aimed at making information and skills broadly accessible. HP's first Digital Village will be launched in East Palo Alto, California.

Diversity in Education Initiative

HP's Diversity in Education Initiative is designed to improve individual economic potential by better preparing K-12 students to enter college and by increasing the retention, graduation and employment rates for under-represented engineering students. HP committed approximately \$5 million over five years to support four urban university and K-12 school partnerships (Boston; El Paso, TX; and Los Angeles and San Jose, CA) that initiate or expand effective programs serving African-American, Hispanic, Native American and female students. 80 HP Scholars have been awarded four-year scholarships of \$3,000 per year, three paid summer internships, HP equipment and HP employee mentors.

NetSchools Partnership

HP and NetSchools will provide every student and teacher at participating schools with a laptop computer, allowing access to the Internet from school and home, and offering a one-to-one computing environment that provides real results for students and teachers. HP will provide hardware and support services for NetSchools Constellation, a complete computer-based teaching and learning solution. The system includes a NetSchools StudyPro laptop for every student and an HP OmniBook notebook PC for every teacher, as well as extensive teacher training, support and assessment.

Technology in Education Initiative

Since 1997, HP has invested \$2.2 million to train teachers how to integrate technology into the curriculum. HP continues to support teacher training in conjunction with Intel's Teach to the Future initiative. HP also is the primary hardware partner in Intel's Computer Clubhouse Initiative, providing over \$1.3 million in equipment to some 35 clubhouses in 2000 and 2001.

Community Technology Grants

HP has provided nearly \$1 million worth of equipment to help provide full access to computers and the Internet in communities. Through local and national grant programs, HP has supported several community technology centers and home placement programs across the U.S.

HP also has a number of programs in different countries, among them are:

HP Singapore is helping to bridge the digital divide by donating new computer equipment worth \$52,000 (U.S.) to three charities -- APSN Center for Adults, AWWA Teach Me Services and The Society for the Physically Disabled. The organizations will use the equipment to give their beneficiaries the opportunity to learn IT skills needed to participate in the digital age.

HP India is partnering with five schools to integrate technology and education. The company donated equipment worth \$133,000 (U.S.) in FY00 to set up computer and math labs in schools in Delhi and Bangalore. The labs will provide students and faculty with access to technology learning resources.

HP Korea is sponsoring a teacher-training program on networking in collaboration with the Korean Ministry of Information and Communication. The program is funded by HP's Global Initiative Fund and is valued at \$90,000 (U.S.). About 300 teachers who are in charge of building the IT environment at their elementary, middle and high schools were chosen to receive the training. Classes include the basics of networking, system and network management, data management and Web-server installation, and intranet management.

HITACHI

AOTS

As for supporting Asian countries, there are annual IT seminars provided by Hitachi's sub-organization called AOTS. This organization is partly funded by Japanese Government (MITI). Some of the recent examples would be:

In October 1997, seminars on e-commerce for employees in Chinese financial institutions were conducted in Beijing, China, for four days.

In October 1998, seminars on e-commerce for employees in Indonesian financial institutions were conducted in Djakarta, India, for four days.

As for digital bridge projects within Japan, Hitachi has conducted various projects:

Between December 1998 and January 1999, e-commerce seminars for SMEs were held with funding support from the government.

Showrooms in Hitachi's branches have opened up Internet-connected PCs to public for free access. Many students from foreign countries often use them.

Many of the Hitachi's products can be regarded as contributing to diminishing digital divide. For example, conversion system between automatic sign language and written text, or computer terminals located in kiosks with a Braille-translating mechanism may be considered as products that are sensitive to physically disabled people.

IBM

KidSmart

The KidSmart early learning program integrates new interactive teaching and learning activities using the latest technology into pre-kindergarten curricula. The program is now being implemented in United Way day care centres in nearly 200 cities in 45 states in the U.S. and is being launched in nine countries internationally. The centrepiece of KidSmart is the Young Explorer, a colourful "kid proof" play station manufactured by Little Tykes and IBM and loaded with award-winning educational software from Edmark.

Readiness for the Networked World

To help governments in developing countries prepare for e-business, IBM has sponsored the Centre for International Development (CID) at Harvard University to create "*Readiness for the Networked World: A Guide for Developing Countries*". The Harvard Guide provides a flexible framework for thorough self-assessments to determine readiness to participate in the Networked World and reap the benefits of the Internet. The Harvard Guide is based on work by the Computer Systems Policy Project (CSPP).

Used Technology Donation Program

IBM's global Used Technology Donation Program provides used personal computer systems to qualified non-profit organizations that provide adult education, training, and computer literacy, as well as agencies serving persons with disabilities. The program is a joint partnership between IBM and Gifts In Kind International, a leading charity in in-kind corporate donations. Since 1996, the program has provided over 12,000 used PCs to more than 2,500 nonprofits in the U.S., and the program is now being implemented in Singapore, Brazil, and Argentina and will soon expand to Germany, France, and the United Kingdom.

Reinventing Education

Reinventing Education is an IBM grant program that delivers expertise to spur school reform efforts throughout the world.

Launched in 1994, Reinventing Education is now a \$45 million initiative, encompassing 21 sites in the United States and also seven countries throughout the world -- Italy, Ireland, Singapore, the United Kingdom, Vietnam, Mexico, and the State of Rio in Brazil.

SWIRL

IBM provides students from Victoria University of Technology School of Education in Australia with technology for an innovative literacy program entitled Story Writing in Remote Locations (SWIRL). Through SWIRL, teachers in training travel to the outback to work with the Aboriginal people, learning about their unique culture and teaching their children computer and literacy skills, while also helping them record their traditional and contemporary stories using IBM PCs and ThinkPads.

Adult Education and Job Training Grants

With more than 18 million people unemployed and many countries are experiencing serious levels of youth unemployment, IBM grants to six non-profit organizations across Europe are focused on developing new models for attracting the unemployed into specific skills training programs that complement emerging industries.

Escolas de Informática e Cidadania

Through the donation of used PCs, IBM and CDI (Comitê para a Democratização da Informática), a not-for-profit organization dedicated to training the poor who live in suburban areas, established a partnership to provide technology training to poor people living in the slums in an near Rio to reintegrate young people into the workforce.

Canadian National Institute for the Blind

For the second year in a row, IBM Canada hosted the Canadian National Institute for the Blind (CNIB) - Gretzky SCORE (Summer Computer Opportunities in Recreation and Education) Camp at its headquarters in Markham, Ontario. Nineteen blind and visually-impaired students from across Canada, plus two from China, spent nine days learning how to build Web pages and developing skills for career opportunities in the IT industry.

Victoria Memorial School for the Blind

In Mumbai, India, IBM has developed a partnership with The Victoria Memorial School, a widely recognized charitable institution, to start a computer centre that will provide students with training in computers that will enable them to pursue advanced education and acquire gainful employment.

Integra Project for the Disabled

In November 1999, IBM, in partnership with the Mexican government and Telmex, a major telecommunications company, announced Integra, a technology assistance program designed to integrate both disabled students and adults into the education and workplace environments. The program links Adapted Technology Centres, which are located at a network of federal- and state-supported Rehab Centres in 32 Mexican states, so that they can share best practices on using technology to support training and education and to assess the most appropriate adaptive technology services for students. Through this multi-year grant initiative, IBM is providing technology and services worth approximately \$750,000; Telmex is donating telephone lines and Internet access at no cost to the centres; and the federal and state offices have agreed to dedicate the staff and funds needed to make this project work.

MCI WORLD COM

MarcoPolo

The WorldCom Foundation's flagship program, MarcoPolo, is a public/private partnership to explore the frontiers of Internet-based education in anticipation of the day when web sites will be as much a part of the average student's schooling experience as textbooks and libraries are today.

The goal of MarcoPolo is to provide the highest quality educational content and professional development free of charge and easily accessible to all educators in the country. The MarcoPolo partners include the American Association for the Advancement of Science, the Council of the Great City Schools, the Kennedy Centre for Performing Arts, the National Council of Teachers of Mathematics, the National Council on Economic Education, the National Endowment for the Humanities, and the National Geographic Society.

Brown University technology partnership

This five-year, \$5-million program, "Making a Civic Investment," links schools and community organizations around the country with a local college or university to implement technology learning projects for children in grades K-12. Between 25 and 30 multiyear grants of up to \$40,000 will be awarded for projects each year. This community investment is also the culmination of joint efforts between WorldCom and the Rainbow/PUSH Coalition to expand WorldCom's outreach to minority communities. Making a Civic Investment will support community-led projects across the country, using

an established network of colleges and universities developed by Campus Compact and other organizations at Brown.

Wireless Internet initiative

Helping to bridge the 'digital divide,' this program, made possible by a \$2 million grant from WorldCom, will offer high-speed Internet service to schools and libraries in four southern rural communities left untouched by the Internet revolution. Using a cutting-edge technology known as Multichannel Multipoint Distribution Service (MMDS), WorldCom will offer high-speed wireless Internet connectivity to Raleigh, N.C., Houma, La., Dothan, Ala., and Hattiesburg, Miss. beginning with the 2000/2001 school year.

NACME minority workforce representation initiative

In partnership with the National Action Council for Minorities in Engineering (NACME), a not-for-profit corporation committed to bringing the talents of African Americans, Hispanics and American Indians to the nation's engineering workforce, WorldCom has earmarked \$10 million over the next 10 years to promote excellence in the skills most in demand by 21st century employers. The initiative includes a WorldCom internship/scholarship program designed to boost the number of minority graduates in critical high tech areas such as telecommunications, networking, information technology and computer engineering.

Computer donations

WorldCom maintains a program of in-kind donation of refurbished computers, in which the company provides computers and initial network hook-up for designated schools, libraries and other community centres in need.

Mediaset S.P.A.

Mediaset has finalized and is soon to launch a three-year digital training program co-funded by and run in conjunction with the Regione Lombardia. This ambitious private/public partnership is aimed at preparing a smooth transition towards fully digital operations in broadcasting and content production. Besides providing continuous education to the existing workforce, the digital training program will have a major impact on the general public's awareness of the benefits brought forth by digital technology and Internet applications in everyday life. By means of internal training, Mediaset is seeking to make the opportunities of the new economy readily available to the vast majority of its traditional viewers. It will be easier for the average consumer, with basic or no computer literacy, to trust the leadership of a long-established free-to-air channel in the yet unfamiliar road to new, enhanced and user-friendly digital services. Mediaset's domestic effort to bridge the digital divide will result in the development of expertise and know-how that can be transferred to emerging economies in the developing world.

MIH GROUP

Shoma

In 1997, the MIH Group commissioned a study to determine how it could contribute to South Africa's development objectives. Of all the possible options, education emerged as the area in most need of assistance. Further, within the ambit of education, it was realised that teachers in particular required development support. The Shoma initiative leverages digital satellite technology for the provision of relevant educational programs for the professional development of educators, especially those in rural areas.

Shoma develops programmes to train teachers in Outcomes Based Education Methodology. The programmes are relayed from the M-Group's Broadcast Centre in Randburg, via satellite to a video server linked to a television set, and also to a network server, which in turn serves 24 workstations.

The Shoma programme is action research, which attempts to integrate technology as a learning tool and study its impact at the same time. It reaches out to thousands of educators in historically disadvantaged areas to provide them with a rich resource base that is unaffected by distance or terrestrial networks. Also, these teachers are being constantly exposed to cutting edge technology.

The framework for this model was developed collaboratively with the National and Provincial Education Department, academics, educators and teacher organisations. Initially, a nine-week pilot was conducted at three centres located in Gauteng, KwaZulu-Natal and the Western Cape. The South African Institute for Distance Education (SAIDE) evaluated the pilot project, after which the project was successfully implemented in a further seven sites. The SAIDE endorsed both the project itself and Shoma's approach to distance learning.

The Shoma team appraises its own performance on a regular basis. Shoma is also the focus of a research project commissioned and funded by the World Bank. The project team is closely scrutinising the work of nine projects around the world that use technology for teacher-training purposes. It is expected that Shoma will receive valuable feedback from this exercise.

The model is innovative and significant in the following respects. First, it is exceptional in its ability to reach and penetrate the distant rural and urban areas often grossly neglected by donors and cut off from investment initiatives. Second, through the use of interactive computer applications the project initiates rural and township based teachers to appropriate and creative use of technology, thereby supporting and bolstering the National Education Department's Technology Enhanced Learning Initiatives.

Shoma provides a unique locally developed technology solution to education in developing countries throughout the world. Through its emphasis on harnessing of technology for education it bolsters the notion that South Africa is capable of providing

solutions and innovative ideas, not only for its own needs but also for other developing countries.

Shoma provides a proven technology-centred training methodology to bolster and support government's OBE training program. The focus of Shoma on technology, which is harnessed to support government training initiatives, also adds value to governments' own Science and Technology activities and policies.

Shoma has created the platform for private sector parties to work alongside Government in the development of education, and enables partners to be part of an established, high potential, high impact and relevant corporate social investment programme. In addition to being regarded as organisations with a conscience, our partners become part of a unique solution to reach out to and impact on communities in the remote and rural corners of our country. And, because the centres are constructed on a multi-purpose basis and made available for use by communities as a whole, an extended target audience is reached.

Finally, because of its supporting and partnering role with the South African government, Shoma provides a platform for international agencies and organisations to work alongside the South African government in their efforts to assist in the development of disenfranchised communities.

Learnership Programmes addressed to Designated Groups¹

Over the last two years, M-Web has selected ten candidates from designated groups, people with no real technical expertise. Pre-requisite was that they were able to use a keyboard. Each group went through a three to four months training on workplace experience (technical, life skill and communication) aimed at providing them the tools to acquire the technical knowledge required to be admitted to M-Web's Technical Support Center.

The outcome of the experiment was most satisfactory: all candidates succeeded the technical tests at the end of the training and 80 per cent (16 people) were subsequently employed by M-Web. The four who were not employed easily were offered positions with other companies. One of those 16 employed has thereafter successfully moved to a Team Management position. Encouraged by the success of the project, M-Web will be repeating the process in the Technical Support Call center.

Learnership programs addressed to physically handicapped

A further M-Web's initiative in the education domain consists in the computing training of physically handicapped patients of the South African Cheshire Homes residence. A more specific training on Internet connection enabled the participants to design the Residence's won home page. Recently, two of the learners have recently passed the

¹ A designated group refers to historically disadvantaged people, normally from so-called non-white groups.

standardised technical test for the Call Center. One of them has recently been offered a position with M-Web.

Cybercrime: child pornography

In response to a request by the Internet Service Providers Association (ISPA) for ISPs to contribute to eradicate child pornography on the Net, M-Web has recently run an interesting training initiative. Detectives from the Mitchell's Plain Child Protection Unit were welcomed to M-Web's Learning Center, where they were trained, first, on how to use the Internet and then on how to track child pornographers using the Net.

MIH funding in China

MIH helped the Chinese Government, through CCTV and SAFFT launch DTH system to all the villages in China that could not receive television signals. The project is still ongoing and will cover 100,000 villages. MIH funded all the technology.

MIH also funded the Chinese university studies and set up of a Chinese Website in Africa. MIH sponsored CCTV 4 (Chinese International Channel) to be broadcast over Africa and Europe.

NEC CORPORATION

CI-UNESCO

NEC, in partnership with CI (Conservation International), UNESCO and Intel implemented a global natural environment conservation project from 1995 to 1997. This project utilized IT resources and provided training to people in 25 biosphere reserves to let them handle and exchange information such as utilization of land areas, population increase/decrease rate and trends, biological distribution and others, by using PCs, Internet and standardized database.

Satellite

Since 1991, NEC has been cooperating with Satellite, an NGO aiming the elimination of the "Digital Divide" in the area of medicine information, by providing medical institution with timely information via Internet. Communication and education facilities are provided at WHO's (World Health Organization) Health Research Center in Ghana and Technical Training center in Nairobi.

Kids Internet School

NEC, in Japan, cooperates with CyberAngels of Japan's Guardian Angels, an NGO, to educate children and their parents on Internet safety and protection from harmful contents.

NEC provides facilities in its 11 locations throughout Japan and NEC's employees work as volunteers to implement the Japanese "Make a difference Day" Program. The plan is to extend this program to other Asian countries together with local Guardian Angels organization in each country.

PC School for Handicapped and Aged People

NEC has donated PCs and printers to the “Organization for Improving the Social Activity of Handicapped people” and to “Pasokon de Happy”, a PC school for aged people in Japan.

The uniqueness of these projects is that in the first project, handicapped people, after trained, educate aged people and on the second project, trained aged people, educate other aged people, creating a very motivating atmosphere for their personal happiness.

Gakkos

NEC created and sponsored a global networked classroom, called “Gakkos”, to promote the concept of “Global Citizenship in the coming 21st Century”. The program, started in November 1996, is an online class where children from all over the world were able to join and communicate interactively, via the Internet. One typical question discussed “Why the whales went back to the sea?” gathered a lot of unique, interesting and heart-warming answers. Gakkos received high praise from the United Nations and other international organizations.

NOKIA CORPORATION

As a telecommunications company, Nokia is in the business of knowledge sharing and transfer. This will ultimately close the digital gap in a practical and tangible way. For example, by bringing the modern telecommunications capabilities, including mobile access to the Internet, to areas unreached by conventional means of communication, Nokia helps individuals and nations to interact and share knowledge with other communities. In addition to developing products for diverse customer needs to enable communication between people, Nokia also actively builds partnerships across the value chain as well as stimulating the creation of new services. This is bringing a great value added to local economies and communities.

As a global and socially accountable company, Nokia is committed to having a positive impact on society that extends beyond the advanced technology, products and services we create. For example, a global partnership with International Youth Foundation aims at improving the lives of young people worldwide through education. In local communities it runs various programs and e.g. in China the Nokia Thinking Corner Creativity Project is designed to promote the development of a network of creative thinking clubs in universities throughout China. In the United States, ClassLink, a philanthropic initiative together with the Cellular Telecommunications Industry Association, outfits schools with mobile phones, and provides increased communication, safer learning environment and a less expensive alternative to wireline-based communication.

NOMURA RESEARCH INSTITUTE (NRI)

NRI took an initiative in organizing two global think-tank networks T5 and AT10. These networks are sponsored by the “Tokyo Club Foundation for Global Studies” and have been carrying out policy research and delivering public proposals in the field of global economy over 10 years since its foundation.

Recently, this research has been focusing more on issues related to the IT revolution and growth of global economy, including digital divide issues.

AT10 (Asian think tank 10)

Think tanks in 10 countries and regions in East Asia form an AT10 research network. They have been dealing with a variety of issues such as the Asian economic crisis, and focusing recently more on issues concerning the IT revolution and economic growth. This year, in May 2000, an annual Asia Forum was held under the title of “Globalisation/IT and Asia: searching for a new growth paradigm” in Kyoto, Japan. At the meeting, an “e-rating for measuring each countries developing stages of national infrastructures for Electronic-Commerce” was introduced and different policy issues for Digital Bridge in each economy were discussed. In early next year, January 2001, an annual researchers meeting will be held to exchange research papers and discuss on “Network economy and Asia,” and policy proposal on this issue will be published.

AT10 members are: Center for Asian Pacific Studies (CAPS) Hong Kong; Korea Development Institute (KDI) Seoul; Institute of Strategic and International Studies (ISIS) Malaysia Kuala Lumpur; Institute of Southeast Asian Studies (ISEAS) Singapore; Chung-Hua Institution for Economic Research (CIER) Taipei; Thailand Development Research Institute (TDRI) Bangkok; Development Research Center of the State Council (DRC) Beijing; Nomura Research Institute, Ltd. (NRI) Tokyo; Center for Policy and Implementation Studies (CPIS); and University of Asia and the Pacific (UAP).

T5 (Think Tank 5)

Think tanks in 5 developed countries comprise a T5 research network under the initiative of NRI. They have been researching the global economic growth and its related policy issues concerning the developed countries jointly and have been making public policy proposals. This year, in October 2000, an annual researchers meeting will be held in Germany to exchange research papers and discuss on “Internet Revolution and its impact on global economy and society including ” and the discussion will include digital divide issues.

T5 members are: The Brookings Institution (BI) Washington D.C.; IFO-Institut für Wirtschaftsforschung (IFO) Munich; Institut Français des Relations Internationales (IFRI) Paris; The Royal Inst International Affairs (RIIA) London; and Nomura Research Institute, Ltd. (NRI) Tokyo.

SHARP CORPORATION

Alternative energy systems

Towards 21st century, Sharp Corporation has been investigating state of art **alternative energy to protect the environment of the earth** and to be available at any place even in the mountain, desert or rural areas all over the world.

As a result of the research and development, we could come to utilize the solar power into electrical battery system. Now we are manufacturing such Solar Power Battery of which effectiveness of optical transforming into electrical energy is most advanced. Sharp has been making contribution toward several developing countries since 1986.

The first solar power battery system had been introduced in Thailand. Those solar battery system plants were supplied to the local electric public organization in cooperation with Japanese government. These plants supply about 271.5kWh of alternating electric current to totalling 240 households of 3 local villages per day. The modernization of their lives among these villages had been realized and developed. And the productivity of their activities had been raised as well as public sanitation; entertainment and convenience of their lives have been improved. In the fields of communication, this system results in more advanced society so as to utilize IT products.

We also supplied **solar battery system to a junior high school** in Yunnan province in China in cooperation with local education committee, school, The Institute of Electrical Engineering of Chinese Academy of Sciences and The Institute of energy Economics, Japan. They are making use of this system for their all kinds of IT education etc. Thus, nowadays these kinds of solar power battery system are being supplied to the developing countries as well as advanced countries that are enjoying their environmental friendly lives together with information technology. We, Sharp will continue to investigate more advanced technology to be able to make more contributions to all over the networked world in the future.

SIEMENS CORPORATION

Siemens are convinced that not the delivery of computer hardware, but the digital education of people in the developing world is vital for the success of the digital bridge. In a number of developing countries, Siemens is promoting professional training in the information and communications sector through a wide range of activities.

For example, it is active in training for the electronics industry in countries like India, Malaysia, the People's Republic of China, Argentina, Colombia and South Africa. In the People's Republic of China alone, Siemens provide training opportunities for some 65 young people a year in information & communications-related professions.

Telefonica, S.A.

Telefónica is bringing the Information Society closer to the citizen by offering technological platforms that integrate management, communications and value-added services. In the field of education these projects include EducaRed and RedCampus. These improve access to the Internet for schools (cheaper equipment, teacher training) and for homes (3 million homes). In addition, Telefónica is rolling out broadband access networks in rural areas and encourages content creation. Telefónica also fosters access to the public health system and to other public administration services through such Telefónica projects as InfoAdmon and Ventanilla Unica.

TIME WARNER

High-speed access to schools

Time Warner currently provides free high speed Internet access to over 1,200 schools and over 100 libraries nationwide in a wide range of communities served by Time Warner's cable systems. For example, Time Warner's Northeast Ohio division provided free high-speed Internet service in the homes of 24 teachers in Akron and Canton, as well as in the homes of an entire second-grade class, to encourage an educational link between home and school. Time Warner will continue its commitment to provide this educational tool as its broadband service enters new markets.

Cable in the Classroom

In 1989, Time Warner helped found Cable in the Classroom, an industry initiative to provide cable connections, equipment, and programming to all K-12 schools in the nation. Time Warner now provides this service for over 90% of the schools in the areas served by its cable systems, reaching well over 7 million students. This effort includes substantial collaboration with teachers; Time Warner has distributed 13,500 teacher-training kits, which serve as a resource guide for using the Internet in the classroom in ways that are safe, rewarding and educational for students.

Hands On Training

Time Warner has partnered with Cisco Systems to establish computer-training programs at 10 New York City public high schools. Each year 400 students will learn to design, build and maintain computer networks in order to gain certification needed to fill some of the 350,000 high-tech jobs currently available in the U.S. Each school receives a computer lab with customized software, and participating teachers receive ongoing state-of-the-art training at a custom-designed computer-training centre at Time Warner headquarters. Time Warner also supports 25 Media Centres in New York City public schools. These centres provide expanded technological capacity to integrate computers and other technology into classroom instruction.

Literacy

Time Warner's Time To Read initiative is the nation's largest literacy program and has graduated more than 150,000 learners since its inception in 1985. Today more than 25,000 tutors and learners participate in the program at 352 locations nationwide. The digital economy puts a new perspective on Time Warner's long-standing literacy efforts - the basics are now reading, writing and technology.

TOSHIBA

The following is some of the contributions of Toshiba to bridging Digital Divide. Contribution has been made in the following four layers:

power generation and power supply infrastructure;

communication network infrastructure;

access terminal devices; and

information

literacy.

In order to avoid Digital Divide, the above four layers need to be fulfilled. The contribution is made, in some cases, with government and industry cooperation. The fund comes from ODA (Overseas Development Aid) and donation by Toshiba. Some of the examples of the projects are:

Constructing power generating plants, both hydraulic and thermal in India, Sri Lanka, Myanmar, Nepal, Vietnam, Philippines, Malaysia, Indonesia, Thailand, Honduras, Venezuela, Peru, Iraq, Turkey, Egypt, Ghana and other countries.

Developing and installing distance leaning systems in China.

Making research on environmental information network systems, production support systems, machine translation systems and others in Asian countries.

Donating PC's to Bangladesh, Myanmar, Nepal and Vietnam

Giving seminars and training on IT and information literacy, including Vietnam, Jordan, Malaysia, Philippines, Argentine, Thailand, Singapore, Sri Lanka, Malaysia, China, India and other countries.

VIVENDI

The Vivendi foundation sponsors dozens of local projects, launched by various associations, individuals or small enterprises and aimed at social action on the ground.

Indeed, associations networks and individual or small-scale initiatives are crucial for bridging the Digital Divide. Acting on the ground, they can identify the target population and its needs, and propose original and efficient solutions to expand the benefits of the Internet and democratise the use of new technologies, while adapting the action to the local context.

Most projects sponsored by the Vivendi Foundation consist in the creation of multimedia workshops, either fixed (in educational or social institutions) or mobile (transported by bus, boats, or trucks). Through the use of new technologies, young, disabled or disadvantaged people have greater access to education, employment, and culture.

Since such initiatives most often lack the means to implement their ideas and projects, the Vivendi Foundation help them purchasing computer hardware and software, as well as transportation, and maintaining existing job positions (teachers and exhibitors). *Donations amount to \$13,000 in average.*

Here are two examples of Vivendi-sponsored project:

The association **VARSEF**, based in the Mediterranean region, has constituted a young team of employees, which will work with seniors and hospitalised children to initiate them to new technologies, so that they can learn how to read, practice foreign languages, become familiar with word processing and computer software. The goal of VARSEF is thus multifold: create jobs for young motivated people, develop physical and intellectual skills, establish or reinforce social links, accelerate reinsertion, and animate institutional structures. Vivendi provided the association with a \$11,000 donation to purchase computer hardware and adequate transportation.

The association **LUDOMINO**, based in the Pyreneans, created a games library with a multimedia section. Several workshops are to the disposal of children and youngsters, so that they learn how to use new technologies not only to play computer games but also to face educational difficulties. Vivendi made a \$13,000 donation to LUDOMINO to pay for training staff and material expenses.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



**INTELLECTUAL PROPERTY RIGHTS
MODEL IPR-SPECIFIC NOTICE AND TAKEDOWN PROCEDURES**

SEPTEMBER 26, 2000

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I. IPR WORKPLAN FOR 2000-MODEL IPR-SPECIFIC NOTICE AND TAKEDOWN PROCEDURES

In 1999, the GBDe Liability Issue Group and the IPR Issue Group considered issues relating to the liability of e-commerce stakeholders for unlawful activities on the Internet and the protection and enforcement of intellectual property rights in the digital environment. The conclusions of the Liability Issue Group and the IPR Issue Group are set forth in Annexes 1 and 2 attached hereto. Notably, the Liability Issue Group concluded that all stakeholders, including content providers, service providers acting as intermediaries and end-users have a common interest in fighting illegal activities in the digital environment and establishing a predictable, efficient legal and business framework to ensure the full development of an electronic marketplace. In addition, it was agreed that any framework should encourage the development of self-regulation and market solutions through widely adopted voluntary codes of conduct to promote responsible online behavior and recognition of the need for shared responsibility among all parties.

In 2000, the members of the GBDe decided to continue their efforts to develop the consensual principles and recommendations of the Liability and IPR Issue Groups. In particular, the GBDe members felt that they could make a significant contribution toward achieving the objective of developing self-regulatory market based solutions in the area of "notice and takedown." Last year, the Liability Issue Group recommended as a general matter that the issue of liability be addressed, where feasible and appropriate, in a horizontal manner. We note, for instance, that the US has not addressed the issue of liability in a horizontal manner, whereas the EU has. The GBDe has decided that it would be feasible and appropriate, in the first instance, for this year's Intellectual Property Rights Working Group to develop and recommend for adoption voluntary self-regulatory model IPR-specific notice and takedown procedures.

The procedures set forth in this document are specifically designed to deal with materials that are alleged to infringe intellectual property rights. However, the GBDe recognizes the importance of developing voluntary self-regulatory notice and takedown procedures for use in situations in which other types of unlawful materials reside on a service provider's system or network. The GBDe intends to form a parallel working group to give preliminary consideration to the development of notice and takedown procedures that would apply to other forms of illegal content.

The DMCA² and the E-Commerce Directive³ are good models to be followed in seeking a balanced approach to the issue of liability. Both the DMCA and the E-Commerce Directive establish a regime in which eligibility for specific limitations on the liability of stakeholders is determined in relation to specific and well-defined intermediary activities and functions. For the purposes of determining eligibility for these liability limitations, these intermediary activities and functions (i.e., storage of material at the direction of a

² United States Digital Millennium Copyright Act

³ European Union Directive on Certain Legal Aspects of Electronic Commerce

user, caching and acting as a mere conduit), are defined in terms of compliance with a number of reasonable pre-conditions which are related to each such specific activity or function. If the conditions are not met, then the limitation on liability does not apply (in which case a service provider's potential liability for damages would be assessed under applicable law).

Both the DMCA and the E-Commerce Directive provide that eligibility for the above mentioned limitations on liability is conditional upon a service provider "expeditiously" removing or disabling access to allegedly unlawful material residing on a service provider's system or network either upon obtaining actual knowledge that the material or activity is unlawful (by receipt of an adequate takedown notice or otherwise) or, in the absence of actual knowledge, upon obtaining awareness of facts and circumstances from which unlawful activity is apparent. The notice and takedown procedures proposed below are not intended to prejudice the applicability of these conditions.

Under the DMCA, a service provider need not generally monitor its service or affirmatively seek facts indicating infringing activity in order to claim the limitation on liability. However, if a service provider has actual knowledge of an infringement or becomes aware of a "red flag" from which infringing activity is apparent, then it will lose the limitation on liability if it fails to take expeditious action. This balance is designed, in part, to protect the privacy of Internet users. The notice and takedown procedures proposed below are not intended to prejudice the applicability of those principles.

Notice and takedown procedures can either be legislatively codified or agreed to through industry self-regulation or can combine elements of both. Irrespective of the mechanism by which notice and takedown procedures are implemented, the GBDe believes that some of the unique problems presented by the Internet can best be resolved by the adoption of faster more streamlined voluntary notice and takedown procedures that operate in addition to the traditional court systems.

As noted above, the GBDe believes that the DMCA could serve as a good basis for the development of model IPR-specific notice and takedown procedures. In the European Union, the E-Commerce Directive explicitly contemplates self-regulatory solutions to issues such as notice and takedown. In Asia, Africa and parts of the Americas, many countries are just beginning to consider these issues. In the meantime, however, the Internet and E-Commerce are growing exponentially and in the absence of workable notice and takedown procedures, rightholders who are aggrieved by allegedly infringing online material must either seek legal remedies from the courts or privately negotiate with service providers on an ad hoc basis to take down or block access to such material. In the latter case, both rightholders and service providers generally concur that it is preferable to have an agreed set of IPR-specific N&T procedures which provide for predictability and minimize exposure, than it is to negotiate privately on an ad hoc basis each time there is an alleged infringement.

In the area of intellectual property right infringements on the Internet, exclusive reliance on courts can present a particularly unique challenge for rightholders. The court system may be an appropriate forum in which to seek legal remedies for certain intellectual

property right infringements, however, with the Internet it is likely that before any court could take effective remedial action the allegedly infringing material may be distributed to a worldwide audience at the click of a mouse. At this point the damage is largely done. The GBDe believes that effective notice and takedown procedures are one way in which this problem can be ameliorated.

The GBDe, therefore, recommends the voluntary adoption of the model IPR-specific notice and takedown procedures set forth below by e-commerce stakeholders in countries and regions where such procedures do not currently exist. Furthermore, the GBDe recommends that governments take measures that may be necessary to acknowledge the legitimacy and validity of such voluntary self-regulatory procedures within their national frameworks, as appropriate. The GBDe acknowledges that these procedures may need to be adapted slightly in order to accommodate different national legal systems. However, we would at the same time caution against the proliferation of several different and potentially conflicting sets of procedures, as this will prove unworkable given the global nature of the Internet. The GBDe believes that the adoption of such model IPR-specific N&T procedures will provide a basis for cooperation amongst stakeholders to work together in fighting online piracy and establishing a predictable, efficient legal and business framework to ensure the full development of an electronic marketplace.

Last year, the GBDe Liability Issue Group concluded that, “any legal framework, including notice and takedown procedures, should provide a safe harbor provision exempting service providers from liability and/or damage claims resulting from taking down or blocking access to allegedly unlawful material.”

The GBDe recommends that the operation of the model IPR-specific notice and takedown procedures set forth below be contingent upon the adoption of a safe harbor. The GBDe recommends that governments acknowledge the legitimacy of such a safe harbor within their national legal frameworks.

II. TAKEDOWN NOTICE

Notification of an alleged infringement should be in writing. For this purpose, a “writing” could either be a physical writing or an electronic communication.

(b) Notification of an alleged infringement should be communicated to a lawfully designated agent authorized to communicate the notice to the service provider. The name, address, telephone number, e-mail address and any other appropriate contact information of such agent should be made available in a reasonably accessible location. It would be appropriate for a national or regional authority with competence in this area to assume responsibility for maintaining a current directory of agents available to the public for inspection, including through the Internet. The manner in which an agent may be designated should be determined in accordance with the laws of each relevant jurisdiction.

Adequate takedown notification should substantially include the following:

the signature (physical or electronic) of a person authorized to act on behalf of the owner of an exclusive intellectual property right that is allegedly infringed;

identification of the work allegedly infringed, or if multiple works at a single online site are covered by a single notification, a representative list of such works allegedly infringed at that site;

(iii) identification of allegedly infringing material or material that is to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate such material;

(iv) information reasonably sufficient to permit the service provider to contact the complaining party, (address, telephone number, and if available, email address);

(v) a statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the owner, its agent or the law; and

(vi) a statement that the information in the notification is accurate, and under penalty of perjury or its functional equivalent in the relevant territory, the complaining party is authorized to act on behalf of the owner of the exclusive intellectual property right that is allegedly infringed.

III. TAKEDOWN

The service provider upon receipt of an adequate takedown notice from a lawfully designated agent must respond expeditiously to remove, or disable access to, the allegedly infringing material or the subject of the infringing activity, which resides on the service provider's system or network. The term "expeditious" should not be defined in any law, regulation or code so as to standardise the period of time between receipt of a notice and the response.

The safe harbor referred to above would provide that a service provider shall not be liable to any person for any claim based on the service provider's good faith disabling of access to, or removal of, material or activity claimed to be infringing or based on facts or circumstances from which infringing activity is apparent, regardless of whether the material or activity is ultimately determined to be infringing.

IV. Additional Related General Principles and Recommendations

Access to Data

The GBDe Liability Issue Group concluded in 1999 that, “The principle of ‘immediate offender pays’ should guide liability in a general context. This means that the person/party who commits the illegal act in the digital environment is the immediate offender and therefore should be primarily held liable for it. In specific cases, however, liability could be shared by more than one offender or even go beyond the immediate offender.”

One of the biggest problems faced by rightholders today is that once infringing material is taken down or access to it is disabled, it often re-appears at another location on the Internet within hours. Ultimately, in order to stop this from recurring at the source, a rightholder must be in a position to pursue the party who is originating the infringing material (i.e., the “immediate offender”). In order to pursue the immediate offender, a complaining party must have access to quality contact data that enables the complaining party to identify and contact the immediate offender.

(i) WHOIS Contact Data: The GBDe recommends that there be global public access to the WHOIS registry and other similar registries containing domain name registrant contact details that are or may be established in the future, to the extent that such access is permitted by applicable law.⁴ In addition to enabling the complaining party to identify and contact the immediate offender, such contact data is essential to the proper functioning of a voluntary system of notice and takedown because the WHOIS database also contains contact data on service providers which is necessary for the communication of takedown notices.

Such access is not only vital to online anti-piracy enforcement activities, it is also in the best interests of consumers and citizens. For instance, this contact data can be used by consumers to locate and lodge consumer complaints against child pornographers, hate groups and others, and to identify the source of unsolicited commercial communications.

Although the two policy objectives of providing privacy to data subjects and providing access in order to facilitate legitimate law enforcement and anti-piracy activities are often perceived as being in conflict, the GBDe believes that it is possible to reconcile these two objectives without compromising the interests of either. Data protection rules were not intended, and should not be, used to protect the anonymity of criminals and pirates.⁵

⁴ The GBDe notes, for instance, that ICANN accreditation agreements already require domain name registrars to make available WHOIS information.

⁵ As an example of this, the issue has been raised as to whether such access would be consistent with the principles contained in the EU’s 1995 Data Protection Directive (the “Directive”). Article 7 of the Directive provides for a number of mechanisms upon which a transparent domain name registrant contact data system could properly be based. For instance, Article 7(a) of the Directive allows processing of personal data for which “the data subject has unambiguously given his consent”. Under Article 7(a),

(ii) Contact Data held by Service Providers

The GBDe recommends that countries develop procedures, such as the subpoena procedures contained in the DMCA, that allow copyright owners to expeditiously obtain a subpoena to gain access to the contact information of alleged infringers from service providers. Such procedures will take into consideration the privacy of data subjects while allowing copyright owners to expeditiously obtain contact information of those allegedly infringing their works.

Accommodation and Non-Interference with Technological Measures

The GBDe Liability Issue Group concluded in 1999 that, “any framework should refrain from imposing on service providers a general requirement to monitor the information they transmit or store, and should refrain from imposing unreasonable burdens on the various stakeholders.” Both the DMCA and the E-Commerce Directive are broadly consistent with these principles. This relief from a general duty to monitor, however, should not be construed as a limitation on rightholders’ ability to carry out their own monitoring activities through the use of, among other things, technological measures.

The DMCA provides for certain general threshold conditions that must be met by service providers in order to be eligible for limitations on liability. One such additional general threshold condition requires service providers to accommodate and not interfere with widely agreed technological measures used by industry for the protection and identification of transmitted material. This general threshold condition ensures the ability of rightholders to in effect carry out their own monitoring activities.

Such technical measures include those used by rightholders to identify and/or protect their intellectual property rights, which have been developed pursuant to a broad consensus of rightholders and service providers in an open, fair, voluntary, multi-industry standards process, which are available to any person on reasonable and nondiscriminatory terms, and which do not impose substantial costs on service providers or substantial burdens on their systems or networks. Many GBDe members are currently involved in on-going efforts to agree to such measures in various fora throughout the world.

Repeat Infringer Policy

The DMCA provides for certain general threshold conditions that must be met by service providers in order to be eligible for limitations on liability. One such additional general

domain name registrants can be advised, at the time of registration, that their application for a domain name constitutes consent to the making available of specific contact data contained in the application. In addition, however, there are several other grounds upon which a transparent domain name registrant contact data system can also be justified under the Directive, the detailed discussion of which is beyond the scope of this paper.

threshold condition requires service providers to adopt and reasonably implement a policy of terminating in appropriate circumstances subscribers who are repeat infringers. The DMCA also requires service providers to inform their subscribers of the existence of such a policy.

One of the biggest problems faced by rightholders is that once infringing material is taken down or access to it is blocked, it often re-appears at another location on the Internet within hours. To help to ameliorate this problem, service providers should be required to advise their subscribers that repeated unlawful activities will result in the termination of their accounts. This type of policy provides further incentives for cooperation amongst stakeholders to work together in fighting illegal activities in the digital environment.

(a) Liability for Wrongful Notice

The GBDe recommends that the model IPR-specific notice and takedown procedures set forth above be accompanied by a provision addressing liability for wrongful notice. The GBDe intends to continue discussions on this issue during its 2000-2001 work program in an effort to arrive at an agreed upon standard for such a provision.

ANNEX 1

1999 CONCLUSIONS OF THE GBDE LIABILITY WORKING GROUP

The 1999 conclusions of the GBDe Liability Issue Group were as follows:

- (a) All stakeholders, including content providers, service providers acting as intermediaries and end-users have a common interest in fighting illegal activities in the digital environment and establishing a predictable, efficient legal and business framework to ensure the full development of an electronic marketplace.
- (b) Any legislation that deals with the issue of liability should carefully consider the effect such laws have on the interests of all stakeholders in the electronic environment, and needs to strike a careful balance between the legitimate business interests of the different stakeholders involved, including content providers, service providers and end-users.
- (c) Models to be followed in seeking such a balanced approach include the TABD Recommendations of November 1998, the United States Digital Millennium Copyright Act (“DMCA”) and the proposed European Union Directive on Certain Legal Aspects of Electronic Commerce (“E-Commerce Directive”).
- (d) The liability issue should be addressed, where feasible and appropriate, in a horizontal manner.
- (e) In order to promote electronic commerce, governments should eliminate impediments to contract-based arrangements that will reduce the risk of illegal online activities and facilitate their detection and elimination. Since these arrangements cannot be constructed without the maximum degree of contractual freedom for all parties concerned, the Issue Group on Liability believes that freedom of contract should rule the development of electronic commerce.
- (f) Eligibility for any specific limitations on liability of stakeholders should be determined in relation to specific and well-defined activities and functions. Intermediary activities and functions, i.e., storage of material at the direction of a user, system caching and acting as a mere conduit, must be defined in terms of compliance with a number of reasonable pre-conditions which are related to each such specific activity or function. If the conditions are not met, then the limitation on liability should not apply. This approach is consistent with those taken by both the U.S. and the EU in this area.
- (g) The principle of “immediate offender pays” should guide liability in a general context. This means that the person/party who commits the illegal act in the digital environment is the immediate offender and therefore should be primarily held liable

for it. In specific cases, however, liability could be shared by more than one offender or even go beyond the immediate offender.

- (h) When the notice and takedown procedure is used to remove allegedly unlawful material, the DMCA could serve as a good basis for the development of such a procedure. This means that certain formal requirements must be followed. Intermediaries should not be held liable for the removal or disabling of access to allegedly unlawful material done in accordance with this procedure.
- (i) Any legal framework, including a notice and takedown procedure, should provide a safe harbor provision exempting service providers from liability and/or damage claims resulting from taking down or blocking access to allegedly unlawful material.
- (j) Any framework that provides for limitations on liability for service providers should be restricted to damages and other monetary relief. Injunctive relief and other forms of equitable relief should be available subject to applicable laws governing such relief.
- (k) Eligibility for any limitations on liability should be subject to appropriate general threshold conditions. The DMCA could provide a basis for the establishment of such conditions, however, the nature of such conditions elsewhere is still subject to further discussion.
- (l) Any framework should refrain from imposing on service providers a general requirement to monitor the information they transmit or store, and should refrain from imposing unreasonable burdens on the various stakeholders.
- (m) Any framework should encourage the development of self-regulation and market solutions through widely adopted voluntary codes of conduct to promote responsible online behavior and recognition of the need for shared responsibilities among all parties.

ANNEX 2

1999 CONCLUSIONS OF THE GBDE INTELLECTUAL PROPERTY ISSUE GROUP

The 1999 conclusions of the GBDe Intellectual Property Issue Group were as follows:

- (a) Governments should provide rightholders with effective and convenient means of pursuing copyright enforcement actions in each jurisdiction where infringement occurs.
- (b) Governments should encourage the improvement of judicial proceedings, remedies and workable liability rules for copyright infringement in all countries, in order to achieve effective enforcement and deter infringement.
- (c) Governments should promote a copyright awareness program among public, industrial and educational organizations to educate users on the importance of copyright protection and compliance with copyright laws, which together foster creative activities.
- (d) Governments should ratify and implement the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty promptly and faithfully. As part of treaty implementation, appropriate legal frameworks should be enacted for effective technological protection measures. Such legislation should also prohibit harmful circumvention related activities by regulating both conduct and devices, while providing appropriate exceptions, such as those set forth in the legislation recently enacted in the US, that would maintain the overall balance between rightholders and users.
- (e) The GBDe believes that effective technologies are most efficiently developed through private sector initiatives and any standards which are developed should reflect a broad based industry consensus.
- (f) While ensuring full and effective copyright enforcement, governments should avoid taking legislative measures that impede the innovation of technology.
- (g) The GBDe encourages adoption of the principles on service provider liability agreed among rightholders and service providers, such as those reflected in the recently enacted US legislation, in the case of any legislation dealing with the issue of intellectual property liability. These principles recognize the common stake of rightholders and service providers in ridding the electronic marketplace of infringing material.
- (h) The GBDe attaches great importance to the WTO Trade Related Aspects of Intellectual Property Rights Agreement (“TRIPs”). Adequate and effective intellectual property protection and its enforcement are the third pillar of the WTO, along with liberalized trade in goods and services.

- (i) All WTO members countries should implement and enforce TRIPs fully, faithfully and promptly. Countries seeking accession to the WTO should be encouraged to bring their enforcement regimes into compliance with WTO TRIPs standards.
- (j) The GBDe supports the recent WIPO recommendations to ICANN regarding domain names and encourages prompt ICANN implementation of these recommendations.
- (k) The GBDe looks to governments to bring new impetus to harmonizing intellectual property protection worldwide. Harmonization and implementation should be targeted not only on the online electronic environment, but also the illegitimate reproduction, distribution and importation of protected materials. In this regard, governments should ratify and fulfil their international obligations under all major intellectual property and related treaties, including the 1971 Paris text of the Berne Convention for the Protection of Literary and Artistic Works. Much more work on enforcement needs to be done to control the illegitimate production and distribution of such “optical media” as compact discs (CDs), CD-ROMs, video CDs (VCDs) and Digital Versatile Discs (DVDs).
- (l) The GBDe encourages governments to study and, if appropriate, to provide for the optimal level and means of protection for databases worldwide.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



PROTECTION OF PERSONAL DATA

SEPTEMBER 26, 2000

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Introduction

All organizations, public and private, that gather personal data electronically should respect individual privacy. Custodians of personal data must earn the public's trust.

GBDe recognizes that the growth of electronic commerce has heightened the concern of consumers over what kind of personal data is gathered about them and how that data is used. This growing concern should be addressed, and consumers should be assured that their personal data will be handled in a fair and appropriate fashion.

National and regional laws have a role to play in building trust. But companies engaged in electronic commerce are subject to a wide variety of data protection laws that reflect different national and regional concerns about personal data.

Viewed globally, concepts of online privacy and data protection are highly diverse, as are the legal standards that apply to companies collecting and using personal data about consumers. It is problematic for global companies to adhere to these diverse and conflicting legal regimes. This problem is unlikely to change in the near future. In some cases, companies and consumers may not be sure what data protection laws will apply to cross-border transactions.

GBDe believes that it is impractical for any government to "export" its regulatory models for online privacy and data protection. However, GBDe also believes that consumers buying products or services via e-commerce should have sufficient assurances regarding the treatment of their personal information, and that these assurances should provide a set of basic principles that can be applied globally by those doing business on the Internet. For these reasons, GBDe has prepared "GBDe Personal Data Protection Guidelines 2000", as set out below.

These Personal Data Protection Guidelines are not intended to be a substitute for applicable law or to summarize the laws that may apply. Instead, the Guidelines are intended to adopt certain widely recognized principles as minimum standards for the protection of consumer privacy in the context of electronic commerce. Even organizations governed by a detailed privacy law should inform consumers that their practices are in conformity with that law, should educate consumers about their choices, and should take reasonable steps to secure consumers' personal data.

The GBDe Guidelines call for these measures to be implemented whether or not they are required by applicable law. While some aspects of the Guidelines are more flexible than substantive data protection law in some countries, in all cases, they are designed so that consumers can be confident that companies adhering to these Guidelines will provide a fundamental level of protection for personal data that applies no matter where the consumer or COMPANY or the data is located. Other applicable legal standards will of course continue to provide additional protection

The GBDe Guidelines are prepared to deal with online transactions in which companies deal directly with consumers over the Internet.

The Guidelines are basic principles that GBDe is proposing to its member companies and to any other organizations that support or are interested in our activities. Each company is free to adopt its own guidelines, which may be more comprehensive or stricter in specific areas. In fact, some GBDe members are already implementing their own personal data protection programs. We hope the GBDe Guidelines will be a useful tool to any company interested in international e-commerce, especially in countries where personal data protection standards have yet to be developed.

GBDE PERSONAL DATA PROTECTION GUIDELINES 2000

1. Definitions:

For the purpose of these Guidelines;

1.1. “Company” means any company which is to adopt these Guidelines or to which these Guidelines are recommended.

1.2. “Consumer” is any natural person who acts in his or her individual capacity for purposes outside his or her trade, business or profession and who is a customer or potential customer of Company’s business.

1.3. “Personal Data” of any Consumer means any data on the Consumer which can identify the Consumer or which, easily combined with other available data, can identify the Consumer.

1.4 “Contact Point” means an organization or employee of Company to which any Consumer may address communications relating to the Consumer’s Personal Data.

2. General:

2.1. Protection and security of Personal Data are important. Personal Data supplied online by any Consumer will be collected, secured, processed and used fairly and in accordance with applicable law.

3. Notice to Consumers:

3.1. When collecting any Personal Data from a Consumer online, Company will provide the Consumer with a reasonable notice of the purposes for collecting and using said

Personal Data. The notice should be easy to find and understand, and it should be available to the Consumer prior to or at the time when said Personal Data is requested.

The notice should reasonably explain to the Consumer:

the specific types of Personal Data collected and how the Personal Data will be used, including any potential third-party use;

that the Consumer has the option of not providing the requested Personal Data and the consequences of not providing it;

the steps taken by COMPANY to protect the quality and integrity of the Personal Data collected as well as the confidentiality of said Personal Data from unauthorized access;

the means of communicating with COMPANY's Contact Point, including a physical and electronic mailing address to which the Consumer can direct questions, express preferences concerning the handling of Personal Data, or lodge complaints; and

the method by which the Consumer can correct or update the Consumer's Personal Data

3.3 When COMPANY places a "cookie" (that is, a form of stored information which serves to recognize a particular consumer or computer automatically) on the computer of a Consumer, COMPANY will disclose the fact that COMPANY is using a cookie, explain how the cookie will be used, and, where Personal Data is collected, provide the Consumer with the appropriate opportunity to opt out of the collection and use of such Personal Data.

4. Opportunity for a Consumer's Consent:

4.1. If any Consumer voluntarily submits the Consumer's Personal Data to Company's website, the Consumer is deemed to have consented to the use of the Personal Data to fulfill any transaction agreed to by the Consumer and to any other uses and purposes disclosed in Company's notice.

4.2. If COMPANY wishes to use a Consumer's Personal Data for a new purpose not disclosed in Company's notice, COMPANY will provide the Consumer with a reasonable notice and opportunity to opt out of the new use and any related disclosure.

4.3. If COMPANY wishes to collect or use sensitive Personal Data of a Consumer, such as medical records, it is appropriate for COMPANY to provide the Consumer with a reasonable notice and to obtain the Consumer's unambiguous consent to the proposed collection or use. In deciding what Personal Data should be treated as sensitive, COMPANY should take into account applicable law as well as national and regional concerns about particular kinds of Personal Data.

4.4. COMPANY need not seek consent from any Consumer when COMPANY receives the Consumer's Personal Data from a third party (e.g., one of Company's corporate customers), in case COMPANY simply processes the Personal Data for the third party or uses the Personal Data to complete any work consigned to COMPANY by the third party.

4.5. When transferring Personal Data to a third party for processing on behalf of COMPANY, COMPANY will ascertain the adequacy of the Personal Data protection practices of the third party.

Limitation on Use of Personal Data to Disclosed Purposes:

5.1. COMPANY will use Personal Data, including sensitive Personal Data, supplied by a Consumer online only for the purposes disclosed to the Consumer, unless a use of the Personal Data for any additional use is required by law, is necessary to establish or preserve a legal claim or defense, or is necessary to prevent fraud or other illegal activities.

Collection of Personal Data from Public Sources:

6.1. These guidelines do not apply to the collection of Personal Data from any publicly available sources.

Other Information:

7.1. A website may gather and analyze certain data (such as the Internet browser and operating system used, the domain name of an originating website, the number of visits, average time of visit, and accessed websites) which do not identify any specific Consumer and thus are not any Personal Data. COMPANY and its affiliates may use these data for purposes such as measuring the use of websites or improving the website performance or contents. However, if this type of data is later combined with other available data and identifies a Consumer, and falls within the definition of Personal Data, COMPANY will treat it in accordance with these Guidelines.

Security:

8.1. COMPANY will take all reasonable measures to protect Personal Data collected from a Consumer online against loss, manipulation, falsification, unauthorized access or unauthorized disclosure by any party inside or outside COMPANY.

Maintaining Accuracy of Personal Data:

9.1. When COMPANY collects and maintains Personal Data from a Consumer online, COMPANY will adopt procedures to respond to reasonable Consumer requests for updating or correcting inaccurate information.

Children:

10.1. COMPANY may not intentionally collect or use Personal Data of a child, nor may COMPANY knowingly disclose such Personal Data to a third party, without the permission of the child's parent or guardian; except that Personal Data about a child may be collected or disclosed for the purpose of seeking parental consent, to protect the safety of a child, to protect Company's security, to respond to a request from law enforcement, or to respond to a one-time request from a child. Company's definition of "child" for purposes of this paragraph should take into account applicable law as well as national and regional cultural norms.

Links to Other Websites:

11.1. Company's website may contain links to other websites. Subject to applicable law, COMPANY is not responsible for the contents of, nor, the Personal Data protection policies or practices on such other websites. It is appropriate for COMPANY to inform Consumers that COMPANY is not responsible for the policies or practices of linked sites.

12. Internal Rules and Organization:

12.1. COMPANY collecting Personal Data from a Consumer online will provide to the Consumer a Contact Point to reasonably manage questions or requests from the Consumer relating to Personal Data or Company's Personal Data protection policy.

12.2. COMPANY will appropriately establish and maintain the policy concerning the collection and use of Personal Data together with a system to implement the provisions of these Guidelines within the COMPANY.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



TAXATION

SEPTEMBER 26, 2000

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INTRODUCTION

Tax policy will greatly impact the potential growth of the emerging networked economy. To ensure this growth, government and industry must work together to create a tax system that stimulates this digital marketplace. Tax policy must also address governments' legitimate need to collect tax revenues and eliminate competitive distortions faced by local industries. To find tax solutions that balance these national interests with global realities, GBDe is committed to participate in a government/industry dialogue on an international, regional and national basis.

BASIC TAX PRINCIPLES

GBDe recommends that governments rely on the following basic principles as they develop tax policies for the networked economy:

- 1) **Neutrality:** Tax policy must not penalize businesses and consumers who choose to conduct transactions electronically rather than through traditional channels of commerce. Goods or services should receive the same tax treatment regardless of delivery method, and compliance burdens should not be heavier for businesses and consumers who conduct business electronically than for those who engage in traditional commerce. Double taxation, double non-taxation (e.g. instances where consumption taxes applied to a set of transactions must be collected by vendors in one country but not collected by vendors in other jurisdictions on the same transactions) and other competitive distortions should be avoided.
- 2) **Simplicity:** The rules for taxing all forms of commerce, including Internet-enabled transactions, should be simple, clear and easy to apply. Governments must dramatically simplify their tax systems, and ensure that compliance burdens do not discriminate against businesses and consumers who conduct transactions electronically. Tax authorities should take advantage of new technology to reduce the costs of complying with tax rules.
- 3) **Fairness:** No single category of e-commerce operators should be penalized by the allocation of tax burdens. The liability for collecting taxes on virtually traded goods should not be forced upon financial intermediaries, providers of electronic infrastructure or other parties who are not liable for taxes on similar conventional transactions. Research should be undertaken to investigate the technical possibilities of developing automated tax systems that would efficiently distribute compliance burdens.
- 4) **Enforceability and Technological Efficiency:** The emerging networked marketplace creates difficult enforcement challenges for today's tax systems. GBDe recognizes the competitive issues that may result and believes that government and industry must take care to develop credible compliance models to secure tax collection. Such models should be reasonable, technologically

feasible, and free of undue burdens or economic distortion. GBDe endorses the ongoing work of the Organization for Economic Cooperation and Development (OECD) to address this issue in a systematic and global fashion.

- 5) **International coordination and consistency:** Tax policy worldwide must be coordinated and consistent with a model that can be implemented on a global basis. Again, GBDe endorses the OECD as an appropriate venue for this coordination to occur.
- 6) **A tax framework adapted to the networked economy:** Governments should understand the impact of taxation policies on the growth of the networked economy. For instance, one of the most important tools companies have is the manner in which they compensate employees. Employee participation in companies' profits and value-creation is today indispensable, and equity compensation such as stock options is used by a large number of global enterprises. In this respect, the tax treatment of equity compensation in many countries is a serious concern for companies having global activities. Furthermore, governments should not hinder companies seeking to educate and prepare their employees for the revolutionary changes of the information society. Thus, free computers given by companies to all employees and their families should not be treated as income imputed to the employee.

GLOBAL POLICY ENVIRONMENT

The GBDe recognizes governments' legitimate right to enforce consumption taxes on transactions involving customers within their borders. As electronic commerce – such as digitally delivered goods and services – challenges enforcement of these taxes, governments will understandably seek to prevent competitive distortions, ensure a tax-neutral market environment and protect existing revenues.

In the United States, the policy focus has been on whether remote vendors (i.e. phone, Internet, mail order etc) should be obligated to collect and remit sales and use taxes to states in which they sell goods to consumers but otherwise have no physical presence. Vendors currently are not obliged to collect and remit sales taxes on remote sales because of a U.S. Supreme Court decision that said such an obligation would pose an unconstitutional burden on interstate commerce, due in part to the complexity created by differing state and local sales tax laws.

State governments, concerned about the potential loss of revenue from remote sales, have urged the United States Congress to require that remote vendors, including those doing business via the Internet, collect and remit sales and use taxes in all states. To date, the U.S. government has taken a wait-and-see approach to this issue and previously passed a moratorium on the imposition of new or discriminatory taxation of electronic commerce. This moratorium does not address or change current rules governing sales tax collection.

The GBDe endorses an extension of the current moratorium on new and discriminatory taxes on the Internet. Such a moratorium is not intended to avoid tax responsibilities or the collection of consumption taxes legitimately owed, but would allow for a thoughtful and global response to Internet taxation and give states and localities time to dramatically simplify their sales tax systems. GBDe also endorses efforts to restrict taxes on Internet access.

In Asia, Latin America, and Europe, most nations currently have some form of national consumption tax that is applied to both online and offline sales. China, notably, recently announced its intent to ensure its consumption tax system is applied to online sales. Japan also applies a national consumption tax to both domestic online and offline sales, and is examining how it can be enforced in a cross-border online environment.

For most electronic commerce transactions, consumption taxes can easily be levied on goods ordered online but physically delivered to consumers. For business-to-business sales there similarly are no substantial compliance concerns.

However, when sales occur directly between an online vendor of digital goods (music, video, software, books etc.) in one country and individual consumers in another country, governments will be challenged to collect consumption taxes on these sales.

Companies are generally not obliged to collect consumption taxes on online sales made directly to consumers in other countries. This situation concerns governments for two reasons: 1) the potential loss of revenue, which is now widely acknowledged to be quite small (regardless of the importance of the underlying turnovers for the respective company); and 2) it creates a non-neutral environment. For example, a German provider would be obligated to charge consumption taxes on a sale of software downloaded to a German consumer. However, a United States vendor of a similar product would have no obligation to collect the VAT. Hence, there is a competitive distortion based on tax treatment.

The European Union, through its proposed Amendment to the Sixth VAT Directive, is the first government to attempt to address this issue legislatively.

The EU directive would require online sellers of digitized goods and services to register for VAT collection purposes in a single EU member country. The non-EU vendor would be obligated to collect and remit VAT to the country in which it registered for all sales to EU consumers. EU authorities have recognized that the amount of tax revenue that would be collected from business to consumer sales of digitized goods is currently quite small. However, they have said their primary intent is to address the issue of competitive distortion.

For this reason, GBDe appreciates and understands the EU's rationale for amending the Sixth VAT Directive in order to collect taxes that are legitimately owed.

However, the draft Directive leaves some critical issues unresolved, including the enforceability of an essentially voluntary system and continued presence of competitive distortions for some stakeholders. For instance, a single point of registration approach does not fully harmonize the rates that EU & non-EU companies must apply to consumer transactions involving digital products. Nevertheless, the Commission proposal is a positive step in that it is intended to provide simplification and ease the burden of compliance. We note as a first step to achieve VAT harmonization in the EU the possible introduction of majority voting in Council taxation issues as currently under discussion in the framework of the Intergovernmental Conference (current rules mandate unanimous approval). The GBDe also invites the EU to identify potential ways to eliminate or reduce these competitive distortions, such as applying a single rate for all digitized sales into the EU by all vendors.

GBDe recognizes that the recent draft amendments are a first step in a long process, and that a great deal of continued dialogue will be necessary to adequately resolve the range of concerns. We invite the EU and other governments to move forward to create a system that is enforceable, fair and globally viable. We endorse the ongoing work of the OECD to assist the EU and other governments apply globally accepted e-commerce taxation principles to national tax systems and avoid a patchwork of inconsistent national tax laws.

International consensus is critical to ensure that e-commerce taxation is neutral, enforceable and easily administered. If each of the 100+ VAT jurisdictions (e.g. Japan, Australia, Canada) impose different collection systems, businesses would face a high level of complexity and the potential for double or discriminatory taxation. This would discourage the kind of cross-border transactions that e-commerce enables to the benefit of consumers and businesses alike.

To prevent this outcome, government and industry must continue to work toward long-term solutions for indirect taxes. For example, the OECD Technology Technical Advisory Group (TAG) has identified four options, including self-assessment, tax at source and transfer, registration of non-residents, and the use of third party intermediaries. These approaches require and merit further study.

FUTURE POLICY ISSUES

Direct taxation of electronic commerce

Direct (e.g. income) tax rules governing traditional commerce typically required some degree of physical presence before taxation can occur. The Internet allows enterprises to conduct business in remote jurisdictions, causing authorities to re-examine these rules and their application in an online environment. Areas under scrutiny include permanent establishment and how to characterize income earned online.

Permanent Establishment

A company must have a minimum threshold of activity and presence to be liable for income taxes in a tax jurisdiction. In the international tax arena, this threshold is known as permanent establishment (PE) and is governed by international treaties and domestic law. PE typically includes a fixed place of business (e.g. factory, office, workshop) used by a foreign enterprise for more than some minimal period of time. However, an enterprise can also establish PE if it uses agents to conclude contracts on its behalf in a jurisdiction where it otherwise has no physical presence. For example, if a vendor hires a contractor to close sales in a foreign country, that vendor can have PE. Activities that are preparatory or auxiliary in nature to an enterprise's core function are generally excluded from any determination of PE.

Interpreting PE rules is already a complex endeavor, even in traditional commerce (i.e. how does one define a "fixed place of business" or "preparatory or auxiliary" activities?) The ability of enterprises to reach new markets using the Internet, without the large-scale infrastructure investments common to traditional commerce, raises even more questions regarding PE rules. GBDe notes with interest the ongoing work of the OECD Working Party 1 to supplement the commentary on article 5 of the OECD Model for Tax Conventions. Their work raises several issues that may have dramatic consequences for businesses. For instance:

- Is the mere presence of a server or a Web page hosted on a server sufficient to create permanent establishment? For example, if a French merchant hosts its Web page on a server in the United Kingdom, does the merchant have PE and become liable for UK income taxes?
- Do Internet Service Providers (ISP) or telecommunications carriers that host Web pages serve as agents for their customers? For example, if a Swedish vendor hires an Irish ISP to host its Web site, does the vendor have permanent establishment in Ireland as a result of its agency relationship with the ISP?

Electronic commerce does not require fundamental changes to PE rules. Abandoning existing tax principles could lead to discriminatory tax treatment of Internet-related activities.

The mere presence of a server or Web sites hosted on a server should not constitute a "fixed place of business" for purposes of determining PE. In the era of network computing, where data may be input and processing can occur at several computing locations, the placement of a particular server in and of itself is irrelevant. Data can be easily moved from one server (and tax jurisdiction) to another, and is not the e-commerce equivalent of warehouses, offices or even vending machines that traditionally trigger permanent establishment.

GBDe does not consider that providers of web hosting services serve as agents of their customers, as these providers merely transmit and store information on behalf of their customers, and are not concluding contracts in their name.

OECD Working Party 1 is developing clarifications to the commentary language on OECD model treaty regarding permanent establishment. GBDe is encouraged by recent drafts indicating the working party's opinion that Internet service providers do not create a PE for enterprises whose web sites they host. GBDe is also encouraged by the working party's position that the mere presence of a web site alone will not create PE for its owner. However, recent drafts indicate that the mere presence of "machinery or equipment" (including servers), could trigger PE. These proposals deserve further examination.

Characterization of Income

Many types of products can be digitized and transferred electronically, including computer programs, books, music and other types of images (e.g., motion pictures, videotapes, etc.). These types of transactions have occurred for many years in more traditional formats and going forward will increasingly continue to occur in electronic and non-electronic form. Accordingly, any changes to be effected in the tax rules involving these data transfers must accord neutrality of treatment to non-electronic transactions as well as to their electronic counterparts.

Rules governing income characterization should treat similar products and services neutrally. GBDe does not believe that new rules to govern the classification of income are necessary. Instead, a facts and circumstances approach would ensure equal treatment of business activities, and would decrease the likelihood of double taxation of e-commerce generated income. GBDe endorses the ongoing clarification work of the OECD Income Characterization TAG as it identifies the range of e-commerce transactions and works to reach consensus on how they should be classified for income tax purposes.

GBDe also remains concerned about efforts to sweep the full range of digital products into one particular category, as doing so can lead to non-neutral tax treatment of these products. GBDe would prefer a facts and circumstances approach as a more thoughtful means to classifying Internet-related activities.

CONCLUSION

GBDe encourages governments to work with industry to craft a long-term tax system that eliminates competitive distortions and adheres to the principles of simplicity, neutrality and global viability. We strongly recommend extensive government-to-government discussions, which will minimize the likelihood of potentially conflicting national

approaches. By fostering the continued growth of our networked economy, such international dialogue will benefit governments, merchants and consumers alike.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



TRADE

SEPTEMBER 26, 2000

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Introduction

There are two powerful and related trends that are fundamentally reshaping the global economy: the exponential growth in Internet connectivity, fueled by the widespread dispersion of information technology, and the growth in electronic commerce as a channel for conducting international business. While this technological transformation is creating a Networked World that promises enormous potential benefits, it raises complex issues relative to existing international trade frameworks. These issues must be resolved through global cooperation that remains focused on the goal of expanding free trade to ensure that the benefits of electronic commerce are not diminished or delayed.

As recently as 1994, three million people, mostly in the United States, were connected to the Internet. Today, more than 300 million people around the world — over half of them outside North America — utilize the Internet, and usage is growing exponentially.

By 2005 it is expected that one billion people will be connected to the Internet, more than 75 percent of them outside North America. At about the same time, online business-to-business commerce will exceed seven trillion dollars annually.

Most experts agree that we are at the very beginning of the Internet revolution and the emergence of an increasingly networked global economy.

Faster, less expensive and smaller computers, appliances and intelligent devices, combined with expanding communications capabilities, are enabling more people and institutions to connect to the network. Current barriers to human interaction and commerce, such as time and distance, are being diminished by technology, allowing the emergence of a seamless, global marketplace for goods, services and ideas.

There are few technological barriers to realizing this vision. However, Internet-based electronic commerce will not meet its full promise unless industry and governments work in cooperation to create a policy framework that reflects what technology has made possible. Trade policy is an important case in point.

The Policy Environment

Today's international trade regime is rooted in traditional notions of physical borders and, until the mid-1990's, was directed mostly at trade in physical goods. The General Agreement on Tariffs and Trade (GATT) dates to 1947 and was focused largely on reducing tariffs on trade in goods. With the growing importance of trade in intellectual property and services, the global community in 1995 created the World Trade Organization (WTO) as the successor body to the GATT, including new bodies on Trade Related Aspects of Intellectual Property (TRIPS) and the General Agreement on Trade in Services (GATS) in addition to the GATT.

The main purpose of the WTO is to promote the free flow of international trade. Trade liberalization brings many benefits: lower prices for consumers and businesses, greater

choice of products and services, accelerated economic growth, and increased standard of living. Furthermore, evidence that free trade helps to reduce poverty was provided in two recent reports from the World Bank and the WTO.⁶ Electronic commerce offers the potential to facilitate trade liberalization and accelerate economic growth, thereby enhancing the ability to bring the benefits of free trade to the greatest number of people, including those in developing countries.

The Seattle Ministerial meeting of the World Trade Organization was to have launched a new round of multilateral trade negotiations, including a work program to examine the growth of the Internet and electronic commerce and to understand their ramifications for the world's trade rules. WTO delegates also were set to consider extension of the 1998 moratorium on duties applied to "electronic transmissions" over the Internet. The e-commerce work program and extension of the moratorium enjoyed broad support among industry and governments and was a non-controversial portion of the issues under discussion in Seattle.

Notwithstanding the failure to launch a new round, there was a pre-existing commitment to relaunch services negotiations in 2000, and that work formally began in March of this year. The objective of this new round of services negotiations is to broaden and deepen market access commitments in the GATS and to strengthen its rules and principles.

GBDe Trade Agenda for E-Commerce

The GBDe believes that development of a trade regime for e-commerce should proceed on a two-tiered track: services liberalization and an e-commerce work program.

Services trade liberalization and regulatory reform are essential to the continued growth of electronic commerce, both business-to-consumer and business-to-business. While the supply of services across borders is not new, the Internet makes cross-border provision of services far more feasible than was previously true, both for large multinational firms and for small and medium sized businesses. This is just one example of how e-commerce fundamentally changes international trade, and it is essential that trade agreements recognize and accept these changes to continue to promote trade liberalization.

Further, even when a transaction involves the sale of a physical good, the cross-border provision of certain services -- advertising, financial services, communication services, distribution and express delivery services -- are essential elements in concluding a transaction.

While limited in scope, the services negotiations offer an excellent opportunity for the WTO to begin work on electronic commerce and to realize both market access and rules-based commitments that will enhance the growth of online trade.

⁶ WTO Special Study No. 5: "Trade, Income Disparity and Poverty," by Dan Ben-David and L. Alan Winters; "Growth is Good for the Poor," by David Dollar and Art Kray, World Bank.

Therefore, the GBDe believes a cross-sector initiative within the current services negotiation offers an important opportunity to further the growth of electronic commerce.

The WTO also needs to set up a horizontal working group on e-commerce as soon as possible in order to get a broad understanding of how this new medium will affect all forms of global trade. Such a working group should address near-term issues, such as extending the moratorium on customs duties for online sales. However, it also should address longer-term issues, such as how to ensure that domestic regulations are least trade restrictive, nondiscriminatory, transparent and promote an open market environment, and how to appropriately classify electronic commerce for trade purposes.

Services Agenda

The GBDe supports an e-commerce initiative within the current services negotiations. Such an initiative should include:

A package of cross-sector commitments that would provide national treatment and expanded market access. Specific focus should be given to sectors that are critical to initiating and completing an e-commerce transaction for both business-to-business and business-to-consumer e-commerce. Creating a truly global environment that facilitates the growth of e-commerce requires the removal of barriers to market access across every aspect of the e-commerce “value chain,” including all forms of commercial communications (advertising, sales promotion, direct marketing etc), business services, computer, data processing and software services, content related services, communication services, express delivery services, distribution services and financial services.

In addition to enabling an e-commerce transaction through a package of cross-sector commitments, individual services sectors should also pursue liberalization commitments to enable services that can be delivered electronically to benefit fully from e-commerce.

Full implementation of the Agreement on Basic Telecommunications, including the associated Reference Paper, both by countries that have already signed this agreement and by countries that have not. Competition among network providers, including a variety of communication platforms (wireline, cable, terrestrial wireless, satellite, etc.), is the most effective way to speed deployment of broadband networks, make these services affordable, and encourage innovation. Telecommunications liberalization is an essential step in enabling competition.

Recognition that all existing GATS commitments apply to transactions conducted via electronic commerce. Further, WTO members should agree not to raise new barriers to e-commerce during the course of the new services negotiations.

Mode 1 (cross-border delivery) and Mode 2 (consumption abroad) commitments should be increased and made consistent to expand e-commerce trade opportunities while avoiding confusion over which mode of delivery should apply.

E-Commerce Work Program

The GBDe also supports an e-commerce work program within the WTO. The work program should address the trade-related implications of e-commerce, specifically:

Confirm official implementation of the extension of the 1998 moratorium on duties applied to electronic transmission over the Internet.

Relaunch the negotiation of ITA II (Information Technology Agreement II), which is a commitment to duty-free treatment of a number of important IT products. The success of ITA II will enable e-commerce to develop in the global market.

Enable unrestricted cross-border provision of services via e-commerce in areas where market access commitments are not sufficiently liberal. Such services include legal, medical, educational, advertising and travel and tourism, among others.

Ensure that legitimate domestic regulations in areas that affect e-commerce follow the principles of transparency, nondiscrimination, and least trade restrictive means.

Seek international consensus on the classification of digital goods and services. Classification has been particularly divisive because some products can be delivered both online and in physical form (e.g., music, video, software). This issue should be resolved after careful consideration of the facts and in a manner that does not effectively favor one form of delivery over another.

Ensure that WTO members understand the critical role of competition among network providers, the need for investment in broadband technologies, and the importance of telecommunications liberalization, including access to the local loop, in enabling e-commerce.

- Ensure that none of the existing benefits of the current WTO disciplines are lost in the e-commerce environment. Particular attention should be given to ensuring that intellectual property rights in goods and services traded on the Internet are afforded adequate levels of protection and enforcement by WTO members in accordance with the terms of the TRIPs Agreement and the WIPO Treaties. All WTO member countries should implement and enforce TRIPs fully, faithfully and promptly. Countries seeking accession to the WTO should be encouraged to bring their enforcement regimes into compliance with WTO TRIPs standards.
- Enable broad, unrestricted Mode 1 and Mode 2 commitments for all services that can be delivered electronically. The Internet greatly facilitates international trade in services, potentially providing tremendous benefits to consumers. WTO members should look for ways to take advantage of this technology to promote further liberalization, especially in sectors that today are highly regulated.
- Consider appropriate means to provide technical assistance to developing nations in establishing an appropriate policy and regulatory environment to promote trade in, and enjoy the benefits of, electronic commerce.

Conclusion

The GBDe believes that WTO activity in the area of e-commerce should be tightly focused and strictly trade related. While the emergence of e-commerce has raised a number of public policy issues — privacy, security, taxation, consumer protection, appropriate legal framework, competition policy, investment, business method patents — most are being addressed at either a national or multilateral level. Further work should go forward in those venues to ensure that any domestic legislation or regulation is the least trade restrictive possible, nondiscriminatory, transparent, and promotes an open market environment. WTO intervention would be necessary where and when such domestic regulations pose market access barriers. In the context of a new, broader round of trade negotiations, the WTO has a critical role to play in ensuring that all of its disciplines – GATT, GATS, and TRIPS – are applied to trade in the Networked Economy. WTO members must be prepared to make changes where required.

The overarching goal of WTO work in this area should be to enable e-commerce on a global scale. The Internet and e-commerce have already proven to be powerful engines for economic growth, wealth creation and societal benefit in many countries. But in the future, these benefits must not be restricted to rich, industrialized nations; the GBDe wishes to ensure that developing countries will also benefit.

We are at the beginning of what is likely to be a long-term phenomenon, as technology continues to improve and more of the world's people become connected. Tearing down existing barriers to electronic commerce and preventing the erection of new barriers should be a common goal of businesses and governments around the world.

GLOBAL BUSINESS DIALOGUE ON ELECTRONIC COMMERCE



TRUSTMARK

SEPTEMBER 26, 2000

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Introduction

The GBDe endorses the use of Trustmark programs in order to encourage good online business practices by merchants and to assist consumers in identifying merchants they can trust. To help avoid confusion for consumers among different trustmark programs offering different levels of protection, the GBDe has thus developed guidelines, to help ensure greater transparency, minimum voluntary standards and comparable levels of protection among competing trustmark programs. These guidelines have been developed based on initial consultations with all stakeholders. They will be developed further in response to comments received from business and consumer groups.

The GBDe believes that trustmark programs should be developed and operate in accordance with some minimum, voluntary guidelines. In particular, they must:

- be affordable, in particular to SMEs;
- be enforced rigorously, by providing clear monitoring and reporting mechanisms and guaranteeing neutrality of their enforcement decisions;
- be easily accessible to consumers when entering the merchants' web site and broadly disseminated;
- be developed in consultation with all stakeholders;
- use appropriate security measures to prevent misuse of the trustmark;
- offer a mechanism for consumer redress along the lines of the GBDe ADR recommendations;
- require minimum standards of behavior by merchants in the areas of online business practices, privacy protection and complaints handling, in line with GBDe recommendations.

Recommendations

Business should support and participate in such programs to ensure greater transparency and to encourage comparable levels of protection for consumers across national boundaries. Further, companies and organizations developing trustmark programs are encouraged to develop mutual recognition or other arrangements with programs in other countries or regions that meet the GBDe guidelines, to assist consumers in identifying foreign trustmark programs that offer equivalent protections.

These Guidelines are divided into two sections. The first sets out general guidelines for companies or organizations that develop trustmark programs. The second sets out general guidelines for merchants that establish best business practices governing commercial relations between merchants and consumers that should be required by trustmark programs. The paper also includes Recommendations to governments relating to the development and promotion of such programs.

DEFINITIONS

In order to ascertain the scope of these Guidelines and Recommendations, the GBDe has agreed to use the following working definitions:

“trustmark”: “a label indicating that a merchant commits to complying with a number of best business practices, including redress mechanisms”.

“certifier”: “company/organization that develops, manages the trustmark program and attributes the trustmark”.

“commercial relations”: “any transaction or agreement relating to the provision of a good or service, including commercial communications, between a merchant and a consumer conducted online, including through the Internet”.

“consumer”: “any natural person acting for purposes which are outside his or her trade, business or profession”.

“merchant”: “company/organization offering a good or service to consumers and accepting orders directly from consumers that receives, uses the trustmark and commits to complying with the trustmark specifications”.

“personal data”: “of a consumer means data that identifies the consumer or that can easily be combined with other available data to identify the consumer”.

GUIDELINES FOR CERTIFIERS

1. Accessibility

- 1.1. Trustmark programs should accommodate different business models and regulatory regimes to ensure that trustmarks do not erect barriers to competition.
- 1.2. Participation in a trustmark program should be open to any organization that agrees to abide by the entry conditions, consistent with the legitimate business objectives of the certifier. The criteria for participation in a trustmark program should be transparent to applicants and to consumers.
- 1.3. Subscription fees should not constitute an insurmountable obstacle to join a trustmark program. This should not discourage the setting up of additional fees for specific value-added services.
- 1.4. Certifiers are encouraged to offer specific conditions for SMEs in order to facilitate the participation of SMEs in a trustmark program.

Enforcement Mechanisms

The certifier should put in place effective mechanisms to establish and monitor compliance by the merchant of the trustmark program specifications. These may include random checks by the certifier, independent verification, and/or regular reporting requirements by the merchant.

The certifier should clearly include in the contract with the merchant the type of actions that will be undertaken if the merchant does not comply with the program requirements.

The type of actions that the certifier can undertake could include:

withdrawal of the trustmark;
public warning about misuse of the trustmark;
referral to governmental authorities;
legal action against a merchant in breach of the program's requirements, but who displays the trustmark.

- 2.4. The certifier should disclose publicly and prominently the type of actions that it will undertake in order to ensure compliance with the program.
- 2.5. The certifier should take all measures to seek impartiality and objective enforcement. This may include appointing independent persons or balanced business and consumer representation to the respective accreditation and enforcement bodies.

Visibility

3.1. The certifier should advise the merchant about suitable locations for the trustmark.

The trustmark should be prominently visible to the consumer in any of the following locations:

on the welcome page of the merchant's web site;

in case of privacy trustmarks, at a stage in the transaction prior to the collection of personal data from consumers;

on the page where vendors or consumers initiate a transaction by making a clear offer.

Certifiers should ensure that it is clear to consumers what the trustmark certifies (for example, by using a "pop up" screen that briefly describes the program) and that the code of conduct, principles, or best business practices which are the basis of the granting of the trustmark seal are accessible to the consumer, preferably by clicking on the trustmark seal.

4. Stakeholders Participation

Consumer, industry or professional organizations should ensure that they consult each other when developing trustmark programs.

The most important elements in which dialogue among the different stakeholders is essential are the content of codes of conduct, enforcement mechanisms and redress measures.

5. Security

The certifier should take appropriate measures to ensure that consumers can easily distinguish between real and counterfeit trustmarks. This may include technology to guarantee that unauthorized parties cannot copy the trustmark, secure links to a database accessible on the merchant's website, or technology to monitor web pages that are displaying the trustmark.

The certifier should take appropriate measures to maintain confidentiality of commercially sensitive information exchanged with the merchants it certifies.

6. Redress

- 6.1. Access to the certifier must be readily available to consumers and others to accept complaints and to act on them.
- 6.2. The certifier should ensure that the merchant has in place an internal complaint resolution system to which the consumer can have on-line access.
- 6.3. The certifier should offer or, under certain circumstances, as determined in the contract between the certifier and the merchant, require the merchant to offer an alternative dispute resolution (ADR) procedure. ADR systems may be offered by the certifier, the merchant itself or may be outsourced by the merchant.
- 6.4. In any case, the certifier should respond to consumers' complaints either by directing consumers to the appropriate mechanism or by contacting the merchant.
- 6.5. Certifiers should follow the GBDe Recommendations on ADR.

7. Flexibility and Mutual Recognition

The certifier should include an on-line mechanism to allow interested parties to give input on the performance of the system or any other related element of the trustmark program. The certifier should undertake continuous monitoring on consumers' satisfaction with the use of the trustmark program by merchants and should take due notice of the surveys' results.

The certifier should have all the necessary information about the requirements to join the program available on-line or in an electronic version. This information should be provided in a simple manner to ensure easy comprehension of the terms of participation.

The certifier should take all reasonable steps to ensure a speedy decision on participation in the program by the applicant organization. It is desirable that all steps to join a trustmark program can be conducted on-line. This does not preclude the necessity to undertake physical checks (e.g. about the real existence of the organization).

The certifier should put in place all appropriate mechanisms to ensure public dissemination of the trustmark program (e.g. links with Internet portals, consumers' organizations, etc). The certifier must include a list of all certified merchants that must be prominently shown in the trustmark program web page.

The certifier should consider developing mutual recognition or similar arrangements with trustmark programs in other countries or regions, such that merchants certified under one program that complies with these guidelines can be identified by consumers in other jurisdictions as offering equivalent protection.

Guidelines for Merchants

The trustmark programs certified by the Certifier must ensure minimum standards of behavior by merchants in accordance with the following Guidelines, which apply to commercial relations between certified merchants and consumers. These Guidelines would not alter or replace other obligations that a merchant may have as a result of consumer protection, privacy or other laws and regulation or any other voluntary codes of conduct to which a merchant may subscribe.

1. Accuracy and Accessibility of Information

All information required to be disclosed by the merchant shall be clear, accurate, and easily accessible online. The information shall either be posted on or accessible through a hyperlink from the merchant's homepage or entry point of the online site or at a place where the transaction is offered.

Merchants shall not make any representation or omission or engage in any practice that is likely to be deceptive, misleading, fraudulent or unfair to consumers.

Marketing Practices

Merchants should take the necessary steps to ensure that any representation about a good or service is current, accurate, and not deceptive or misleading to consumers and that the truthfulness of objective claims be substantiated.

- 1.1. If marketing or other online activities are directed at children, or where the website knows the visitor is a child, merchants shall take special care to protect children by recognizing their vulnerabilities. In particular, a merchant shall seek to ensure parental permission is obtained before collecting, using or disclosing the child's personal data or completing a transaction.

Information About the Merchant

Merchants should provide, at a minimum, the following contact information online:

legal name;

the name(s) under which it conducts business;

the principal physical address, addresses of representative offices in other countries or other information sufficient to ensure the customer can locate the business offline;

an online method of contact such as e-mail;

a point of contact within the organization that is responsible for customer inquiries; and

a telephone number, unless to do so would be disruptive to the operation of the business given its size and resources and then the merchant should maintain a working listed phone number, the time zone in which it operates, and the hours when contact may be made.

Information About the Goods and Services

Merchants shall provide enough information about the goods or services available online so that consumers can make an informed choice about whether to engage in a transaction online.

5. Information About the Transaction

5.1. Material information about the transaction shall be provided in the same language in which the good or service is offered. The use of automatic language programs for translation purposes should be encouraged. As set out below, merchants shall:
make available to consumers all relevant information relating to the terms and conditions, costs, shipping and charging and cancellation/return/refund policies applicable to a transaction before it is entered into;
provide consumers with an opportunity to review the transaction before it is completed and becomes a binding obligation; and
shall maintain a record of the transaction after it has been completed.

5.2. Merchants shall make available to consumers the terms and conditions applicable to the transaction. Such information should include:
any restrictions or limitations (for example, time or geographic) they impose on the commercial offer and/ or the sale of the goods or services;
easy-to-use payment mechanisms and in the case of credit or debit cards, the expected time when the card will be charged;
for goods, any warranties, guarantees, escrow programs or other offered terms, including limitations, conditions;
for services, any standards, schedules, fees, or other offered terms, including limitation and conditions; and
information about any self-regulatory programs to which the merchant adheres, and how to access those rules, and notice on the law applicable to the commercial relation.

For ongoing transactions or subscriptions:

information about how the transaction will appear on the bill so that the customer will be able determine to which transaction and which company the bill relates;
minimum duration of the contract and easy-to-understand cancellation information, an easy to use means to cancel an ongoing subscription, and timely confirmation of such cancellation.

5.3. Merchants shall disclose the entire price of the goods and services and any other charges to be collected by the merchant. Such information should be provided in a specified currency and should include:

price or license fee to be charged, including all taxes, or in the case of a barter trade, the items that will be exchanged for goods or services purchased or licensed;
shipping and handling charges.

Merchants shall honor the amount authorized by the customer in any subsequent bills to the customer.

Merchants shall disclose to consumers when they will be able to ship the goods or provide services, and the expected time when a consumer's credit card will be charged for a transaction. A consumer shall not be charged for a product or service unless shipment of such product or service is expected within a reasonable period of time. In particular, merchants should:

state which products or services are temporarily unavailable and if an expected availability date is provided, have a reasonable basis for such date;
have a reasonable basis for, and provide consumers with, estimated shipping times (or in the case of online delivery, delivery times);
have a reasonable basis for stated delivery claims when made; and
disclose any shipping, performance, or delivery limitations they impose (age, geographic).

If a material delay in shipping or performance occurs, the merchant shall provide the consumer with information about the delay and the opportunity to cancel the transaction.

5.5. Merchants shall provide consumers with an opportunity to review the transaction and to confirm their intent to enter into the transaction and shall disclose to consumers at what point the transaction will be final and become a binding obligation. Prior to a transaction becoming a binding obligation, merchants should provide consumers with a summary that includes:

the terms and conditions of the transaction;
the selected payment method; and
the option to cancel or affirmatively complete the transaction.

Merchants shall maintain, and make it possible for consumers to access, an appropriate record of information about a transaction for a reasonable period of time after it has been completed. Such information should include:

a statement of what was ordered, the price, and any other known charges such as shipping/handling and taxes;
sufficient contact information to enable purchasers to obtain order status updates; and
the anticipated date of shipment.

6. CANCELLATION/RETURN/REFUND POLICIES

6.1 Merchants shall provide information to consumers about their cancellation, return, and refund policies, including: the length of time after entering into a binding obligation which an available cancellation, return, or refund may be made; the process that should be followed; and any costs that may be incurred. If there is no cancellation, return or refund right, this should be stated.

Security

7.1 For information that is transferred from a consumer to a merchant, merchants shall take reasonable steps ensure the security of a consumer's confidential commercial and personal information. These security efforts shall be consistent with best industry practices and shall be appropriate for the type of information collected, maintained or transferred to third parties. In particular, merchants should:

have in place encryption measures that reflect best industry practices for the transfer or receipt of sensitive information, such as personal financial information or health care records;

- have in place appropriate levels of security to protect data being maintained by computers;
- take reasonable steps to require third parties involved in fulfilling a customer transaction to also maintain appropriate levels of security; and
- not retain any information from which a consumer may be identified if the consumer does not complete a transaction, without the consumer's consent.

8. Customer Service and/or Support

8.1. Merchants shall comply with all commitments, representations, and other promises made to consumers. They shall disclose to consumers information regarding customer service and/or support of the goods and services that consumers purchase online. Such information should include the length of time the customer service and/or support is available, the costs associated with obtaining the customer service and/or support, and how customers can successfully and meaningfully contact the business to get answers to their questions.

If no customer service and/or support are available from the merchant, this should be stated.

9. Warranty

Merchants shall disclose to consumers applicable warranties or limited warranties that they offer regarding the goods or services sold or made available to consumers. Such information should include the scope, duration, and means of exercising rights made available in the warranty or limited warranty.

Privacy

Merchants shall post and adhere to a privacy policy that is open, transparent, and consistent with the following personal data protection practices:

Notice /Awareness: Merchants that collect personal data shall reasonably explain what personal data they collect, use, and disclose to third parties, and for what purposes;

Choice/Consent: Merchants that collect personal data shall reasonably explain what choices they provide consumers about the collection, use and disclosure of such information. At a minimum, Merchants should provide consumers with the choice to opt out of having their personal data used or disclosed for any new purpose not explained at the time the personal data was collected and should obtain the consumer's unambiguous consent to the collection or use of sensitive personal information, such as medical records.

Accuracy: Merchants that collect personal data shall reasonably explain the methods by which the consumer can correct or update personal data and shall adopt procedures to respond to reasonable consumers' requests for such corrections or updates.

Integrity/Security: Merchants that collect personal data shall reasonably explain the steps taken to protect the quality and integrity of the personal data collected as well as the confidentiality of that personal data from unauthorized access.

Redress/Internal Rules : Merchants shall reasonably explain the means of communicating with the merchant's contact point to which the consumer can direct questions, express preferences concerning the handling of personal data or lodge complaints. Merchants shall establish and maintain a system to implement the provisions of these guidelines within the company.

10.2. When transferring personal data to a third party for processing on its behalf, a merchant should ascertain the adequacy of the personal data practices of the third party.

11. Unsolicited E-mail

11.1. Merchants shall accurately describe their business practices with regard to their use of unsolicited e-mail to consumers.

11.2. Merchants that engage in unsolicited email marketing should adhere to a policy that, at a minimum, enables those consumers who do not wish to be contacted online to "opt out" online from future solicitations. This policy should be available both on the web site and in any e-mails, other than those relating to a particular order.

11.3. Merchants that engage in unsolicited e-mail marketing should also subscribe to a bona-fide e-mail suppression list.

12. *Dispute Resolution*

12.1. Merchants shall provide consumers with fair, timely, and affordable means to settle disputes and obtain redress.

12.2. Merchants should provide an easy-to-find and understandable notice on how a consumer can successfully and meaningfully contact the merchant to solve problems related to a transaction. They should have effective “customer satisfaction systems”, encourage consumers to take advantage of such internal mechanisms and make a good faith effort to resolve any disputes relating to a transaction in a fair and equitable manner, for example, by providing money-back satisfaction guarantees or exchange policies. Complaints should be directed in the first instance to the merchant.

12.3. Unless full customer satisfaction is guaranteed by an internal customer satisfaction system, merchants should notify consumers that they are ready to submit disputes resulting from a transaction to one or more specified ADR systems. Information about the ADR offered should be provided as a part of the notice on how consumers can contact the merchant to resolve problems related to a transaction and access to an ADR system normally should be available only after a consumer has sought redress through a merchant's internal complaints mechanism.

12.4. Such ADR systems would not affect the consumer's right to seek remedies through the court system. However, the consumer and the merchant could agree that prior to proceeding in the court of any local jurisdiction, the consumer would submit a claim to an ADR system. ADR systems should function according to published rules of procedure that describe unambiguously all relevant elements necessary to enable consumers seeking redress to take fully informed decisions on whether they wish to use the ADR offered or to address themselves to a court of law.

12.5. ADR systems should provide for impartial, accessible, transparent, and timely conciliation/negotiation, mediation and/or arbitration at no or only moderate cost for the consumer.

12.6. Consumers should be informed about the conditions of access (online or other), the cost, the legal nature of the ADR (arbitration, mediation, conciliation/negotiation, etc.) and of its outcome (binding/not binding/binding for the merchant; enforceable), and recourse to other instances, notably to law courts.

GBDE RECOMMENDATIONS TO GOVERNMENTS

BACKGROUND

Trustmark programs are initiatives developed privately by consumer organizations, major accountancy organizations, professional organizations such as Chambers of Commerce and companies. All of them have emerged to respond to consumers' concerns on trust and confidence on electronic commerce in different areas such as privacy, childrens' advertising, security, product delivery, etc.

Some governments are tempted to regulate this new way of providing consumer trust for fear that consumers will be confused by different programs offering different levels of protection. To avoid possible confusion, the GBDe has developed these guidelines to help ensure greater transparency, minimum voluntary standards and comparable levels of protection for consumers among competing trustmark programs.

RECOMMENDATIONS

1. Further trustmark development by market participants and promotion by stakeholders

- 1.1 At present, only a few trustmarks programs are being used and are widely known. It is essential that trustmark programs are further developed and broadly disseminated to enhance global consumer trust in e-commerce.
- 1.2 Governments should play an active in promoting and disseminating trustmarks programs.

2. Government intervention is premature

- 2.1 For trustmarks to enhance consumer trust, they should remain a private-based initiative.
- 2.2 Harmonization of trustmarks by means of government recommendations or compulsory government accreditation is a disincentive for innovation and competition to the detriment of consumer confidence and choice.
- 2.3 The existence of different levels of trust (e.g. by sector/issue specific programs) or regional/local initiatives should be acknowledged and encouraged.

3. Active stakeholders dialogue

All stakeholders should seek to co-ordinate actions in order to contribute to trustmarks development and encourage competitiveness between programs.

ANNEX 1

Global Trustmark Programs






	 <p>AOL CERTIFIED MERCHANT PROGRAM http://shopping.aol.com/customers/merchants.adp#standards</p>	 <p>BBBONLINE PRIVACY www.bbbonline.org</p>	 <p>BBBONLINE RELIABILITY www.bbbonline.org</p>	 <p>BETTERWEB www.pwcbetterweb.com</p>
<p>description</p>	<p>AOL Service AOL Merchant Criteria cover fulfillment, privacy and security. 310 users</p>	<p>US initiative managed by BBBOnline, (private non-profit organisations) Code of conduct covers mainly privacy, but also children's privacy, security & ADR. Over 150 users (almost exclusively in the US, e.g. MCI, HP).</p>	<p>Managed by BBBOnline. Based on compliance with BBB standards on honest advertising, customers fair treatment, & participation in BBB ADR program. Over 4,500 users (almost exclusively in US & Canada).</p>	<p>Global Program from PwC Covers Sales Terms, Privacy, Security and Customer Complaints. 100 applicants (retail, financial services & other services)</p>
<p>Main elements</p>	<p>Rates are negotiated</p> <p>Customer contacts first merchant. If no solution, customer can go directly to AOL. If a merchant does not comply with its posted return policy, AOL will provide customer with refund for full purchase price.</p>	<p>\$225 to \$3075 – depends on size of company.</p> <p>Consumer can complain directly to the BBB, if this fails, use of ADR. If business does not participate in the ADR, fails to comply with ADR resolution, seal can be withdrawn publicly. Possible referral to authorities.</p>	<p>\$400-\$5000 depends on size of company</p> <p>Merchant must have satisfactory complaint handling record; agree to BBB's advertising program; agree to respond promptly to consumer complaints, and agree to ADR at consumers' request. Plus enforcement as BBB Privacy.</p>	<p>Annual license fee of \$15,000 US</p> <p>Seal may be revoked by PwC at any time if concerns arise related to Participant's compliance with Program and/or business practices disclosed. Upon annual renewal, PwC performs comparison of Web site's published policies to the BetterWeb Standards</p>
<p>Fee</p>				
<p>Redress & enforcement</p>				

	issues covered	Governed by Singapore Law	The standard focus on a broad range of issues (quality, privacy, transaction management, information on trading status).	Criteria focus on: business & information practices; transaction integrity & information protection.	Reference in the certification requirements to the need to comply with French law.
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	 <p>ONLINE SHOPPING TRUST JAPAN DMA & CHAMBER OF COMMERCE www.jadma.org http://mark.cin.or.jp</p>	 <p>Safemall www.trust.kait.kr</p>	 <p>SELLO DE GARANTÍA - SEAL GUARANTEE www.aece.org/corporativo/sello.htm</p>	 <p>SquareTrade Membership www.squaretrade.com</p>
DESCRIPTION	<p>Japanese initiative by direct marketing industry association & largest retailers association Code of conduct covers , Fair Business Practices.) 300 (JADMA) and 1,600,000 (JCCI) members</p>	<p>The seal is granted by the Korea Association of Information & Telecommunication.</p>	<p>Spanish initiative managed by a Electronic Commerce Business Association. Code of conduct covers privacy (with provisions on children, spamming & cookies) 120 users (e.g. BBVA & Telefónica)</p>	<p>Global private venture-backed company. Membership granted to online sellers screened by identity verification, reference checks and pledge to use SquareTrade's Online Dispute Resolution \$500 fraud protection guarantee for purchases from Seal Members.</p>
Main elements	<p>From ¥15,000 p.a. to ¥60,000, depends on business size. Application fee ¥10,000</p>	<p>Certification process costs \$500.</p>	<p>100 Euros p.a.</p>	<p>Scaled annual fee based on revenues. Ranges from \$100 US for <\$50,000 to \$6400 for >\$1 Billion.</p>
Fee				

	Redress & enforcement	Withdrawal of mark or indication of unlawful use of the mark.	Company contracts to affirm commitment to the Code. The seal programme reserves the right to withdraw the logo upon investigation of a compliant.	A Compliance Committee is in charge of controlling use of seal & adherence to Code & impose sanctions (e.g. withdrawal of seal, publicity of sanction)	Instant Seal removal technology for non-participating Seal Members, fraud protection guarantee and Website seller “watchlist” protect consumers. SquareTrade collaborates with partner marketplaces for enforcement. SquareTrade compliance audits can lead to Seal revocation.
	Consumer input	No official consumer input.	The Code was reviewed by consumer organizations.	Code of Conduct developed with consumer assoc. & Compliance Committee made of business & consumers	Feedback from consumer organizations, FTC and Department of Commerce. Consumers filing cases against Seal Members know Members have pledged to respond.
Security		There are 2 options regarding security features: (1) Clicking on the approval mark displays the approval information issued by the approval server; and (2) Anti-copying mechanism using electronic watermark. Security in communication is left to users.	There are no specific undertakings mentioned on the site for confidentiality of customer and data transaction.	No sound security provisions (companies with no secure server must warn the customer) or measures.	All Seal Members are verified. Digital watermark on Seal eliminates fraudulent use. All sensitive data is protected during communication and in storage by a public key infrastructure and JCE using PKCS #5 standard.

	Issues covered	The organization actually visits and confirms the existence of the retailer	The code contains various privacy-related & consumer protection rules.	Sound Code but exclusively focused on privacy. Requires the establishment of a privacy policy (helps companies to develop one)	Based on international standards for good selling & customer service. Seal Members commit to ADR participation up front.
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DESCRIPTION	<p>Truste www.truste.org</p> <p>US initiative Covers only privacy licensees (e.g. Disney)</p>	<p>Trusted Shops www.trustedshops.de</p> <p>German initiative, subsidiary of Gerling Insurance group. It will be expanded to France, UK & Benelux by mid-2000 Guarantees online consumers a money back guarantee 18 users (e.g. BOL), since 18/01/00</p>	<p>TrustUK www.trustuk.org.uk</p> <p>UK initiative, supported by government, & managed by an e-commerce business alliance & consumer body. Grants the seal to associations that abide to certain “accreditation criteria” (transaction, privacy, marketing provisions).</p>	<p>WEBASSURED www.webassured.com</p> <p>Global initiative founded in 1995 Members agree to a Universal Standard of Ethics, and to be bound by on-line ADR process Affiliated with Dun & Bradstreet and Lloyds 4,000 current licensees, approx. 500,000 applications in process</p>	<p>WEBTRADER www.dedigitaleconomient.nl</p> <p>Dutch initiative managed by consumer body. Code of conduct covers transaction, privacy, marketing. Forms part of a developing network of consumer-based trustmarks in other EU countries 50 users</p>	
Main elements	<p>Annual licence fee depends on company's revenue (\$0-\$1M=\$299).</p> <p>Trustmark may be revoked, contract terminated, or referral to governmental agencies. Merchants must have internal complaint system. Consumer may contact TRUSTe, but no other formal procedure is set forth.</p>	<p>Depend on turnover & volume. Min. Euro 2550</p> <p>Companies must have an internal complaints system. If company does not deliver the product in time (30 days), Trusted Shops gives the money back.</p>	<p>6.400 Euros p.a. (per assoc)</p> <p>Enforcement is done by the assoc that is accredited by TrustUK. Only enforcement by TrustUK is withdrawal of seal.</p>	<p>\$180 per year minimum, increases with sales volume</p> <p>Due diligence performed by internal staff, by D&B, and the collective Internet community through ongoing feedback on business practices (i.e. complaints/praise, etc...)</p>	<p>The service is free.</p> <p>Webtrader can withdraw the logo upon investigation of a complaint. The Code has stringent dispute resolution provisions.</p>	
Fee						
Redress & enforcement						

Consumer Input	No official consumer participation. TRUSTe relies on users to report violations of posted privacy policies, misuse of trustmark, etc.	Feedback from consumer assoc. & follows Consumer Code of Conduct	Joint venture between e-commerce & main consumer alliance & main consumer association.	Universal Standard of Ethics has evolved from 5 years of actual public use and continuous feedback	The Code was written and implemented by consumer organizations. No input from business
Security	Use of accepted protocols, such as encryption, is necessary if the licensee collects, uses, sensitive information, such as credit card or social security numbers, over Internet.	Oblige to use encrypted technology & secure servers. Transfer of payment info should be encrypted & should tell consumer type of encryption & degree of safety.	Security is left to users with a recommendation to use a British Standard, have a security officer & authenticate transactions.	Licensees must employ industry standard security protocols and disclose the procedures being utilised	Confidentiality guaranteed. No clear security provisions or measures.
Issues covered	Principles focus on privacy: notice & disclosure, choice & consent, data security, quality & access. Users must post a privacy policy.	Code covers privacy, transparency, transaction information. All transaction details of customer are transmitted to Trusted Shops.	The accreditation criteria has sound provisions on on-line advertising, transactions, fulfillment, privacy, security & children.	Seal is backed by Lloyd's guarantee on all purchases from a WebAssured licensee. If a buyer relies on seal & gets burned, WebAssured will refund losses.	The Code includes detailed privacy requirements.

