DIGITAL POLICY TRENDS IN JANUARY

Techlash: Internet industry under scrutiny

World leaders and the private sector discussed digital opportunities and challenges at the annual World Economic Forum (WEF) meeting in Davos. The discussions mirrored the main concerns prominent in 2017, and which will remain prominent this year. More on page 7.

Among the main concerns are the ‘rise and monopolistic behaviour of the giant IT platform companies’ – an issue raised by investor and philanthropist George Soros, who widely criticised the way Internet companies, especially Facebook and Google, are manipulating users’ attention and engineering addiction to their services.

‘The Internet monopolies have neither the will nor the inclination to protect society against the consequences of their actions,’ Soros said. Instead, it is the governments’ responsibility to do so.

The attack against Internet companies came as Google’s first report to the EU on how it is complying with the anti-trust order was due on 28 January.

The EU’s record €2.4 billion penalty last year is a reminder of the bloc’s tough stance on abuse of market, which Soros lauded in his intervention. Alongside stronger privacy and data protection laws, the philanthropist said that it was only a matter of time before the global dominance of the Internet companies was broken, given the regulation and taxation pressures the EU is levelling against them.

Governments exert more pressure on companies to remove illegal content

Governments are showing a tougher stance on how they expect Internet platforms to tackle illegal content. Germany’s new law, NetzDG, requires Internet platforms with more than two million users to proactively report and delete illegal content, and fines them for non-compliance.

Flagged illegal content needs to be removed within 24 hours, or within a week if the case is complex. One of the concerns is whether criminals will be punished if the illegal content is simply deleted.

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DIGITAL POLICY AT DAVOS

World leaders met in Davos, for the WEF annual meeting, to discuss some of today’s most pressing issues. Digital policy was among them.

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2017 TRENDS AND 2018 PREDICTIONS

What were the main digital policy developments in 2017, and what can we expect in 2018?

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The Expert Group tasked with reviewing the International Telecommunication Regulations (ITRs) met on 17–19 January and continued discussions on whether the ITRs should be revised. Some members stated that a revision is not necessary, as the ITRs should remain focused on international telecommunications. Others called for substantive revisions, such as including provisions on cybersecurity and data protection issues.

The ITU Council Working Group (CWG) on International Internet-related Public Policy Issues held an open consultation on 22 January on ‘Bridging the gender digital divide’. Recommendations were made for how stakeholders could enhance women’s empowerment through digital technologies. The topic was also addressed at the Group meeting on 25–26 January.

The CWG on Child Online Protection met on 23 January and discussed the results of a youth online consultation on digital literacy. Participants also exchanged experiences in areas such as eliminating child sexual abuse imagery online, and addressing cyberbullying.

The CWG on WSIS: Implementation of Outcomes, on 24–25 January, reviewed ITU activities related to the implementation of outcomes of the World Summit on the Information Society (WSIS), while making recommendations for strengthening the alignment of WSIS and sustainable development goals (SDGs) processes.

This roundtable on ‘Challenges and Opportunities in the context of Data Ownership, Privacy and Protection’, held on 24 January, was organised by the Carlo Schmid-Network for International Politics and hosted by the Delegation of the EU to the UN in Geneva. It gathered 70 participants, most of whom young professionals at international organisations, who engaged in a panel discussion on the opportunities and challenges of big data in the fields of global health, trade, humanitarian affairs, migration, and diplomacy. While the opportunities of big data in these fields are becoming increasingly evident, many argued that appropriate regulation of big data and data ownership today is more urgent than ever before, not only to protect privacy rights, but also to make sure that as many people as possible benefit from the huge opportunities big data promises.

WSIS Forum will be held on 19–23 March this year. Preparations started at the end of 2017, and the second open consultation meeting, on 24 January, provided an opportunity to provide updates to the community on improvements, changes, and deadlines for this year’s event. As in previous years, WSIS will feature 17 Project prizes, a WSIS Photo contest, more than 55 exhibition stalls from all stakeholder groups, a hackathon, a TEDx event, and a high number of workshops. What is special this year is the celebration of 15 years from the Geneva Plan of Action, for which planning is ongoing for both a high-level component and a social event. More than 2500 participants are expected and early registration is encouraged.

The WGEC was created by the UN General Assembly in 2017 with the aim ‘to develop recommendations on how to further implement enhanced cooperation as envisioned in the Tunis Agenda’. The fifth and final meeting on the WGEC, on 29–31 January, was expected to produce a final report, building upon the second draft report prepared by the chairman of the group.

The chair’s report provided an overview of the steps taken by the group to better define enhanced cooperation, and made recommendations: a set of high-level characteristics and principles that should guide the implementation of enhanced cooperation and some ways for promoting dialogue and coordination among member states and other stakeholders, taking into account of existing work and support existing international fora.

Based on the feedback received during the meeting, the chair put forward a third draft report, with a shorter set of recommendations, which provoked mixed reactions among WG members. As divergences could not be bridged, the meeting concluded without an agreement on a final report. Instead, the chair is expected to prepare a Chair’s Summary, to be discussed at 21st session of the Commission on Science and Technology for Development (CSTD) in May 2018.
In the UK, the discussion turned to the cost of inaction. Internet companies were called ‘ruthless profiteers’ by the Home Office Minister. He said that since they are costing the government extensive resources, when they fail to assist in the identification and removal of online extremism, he is considering taxing them.

The European Commission is also applying more pressure. The Home Affairs Commissioner called on Internet platforms to remove illegal content within two hours, during a meeting between the European Commission and Internet companies.

The fight against illegal content was among the most prominent issues in 2017. The EU confirmed that companies had made significant progress in following up on their commitments, but this month’s developments show that governments believe companies can do more.

In the debates, two concerns have remained prevalent. The fight against online extremism typically involves identifying and prosecuting the criminals. Governments have been calling on companies to weaken encryption, but bowing to pressure would impact the users’ right to privacy. How can the needs be balanced? And by pressuring companies to act more swiftly, are governments shifting their responsibility onto social networks to police the content?

New legal measures planned to tackle fake news

‘Spreading fake news can serve to advance specific goals, influence political decisions, and serve economic interests,’ Pope Francis has said.

In his message on World Communications Day, the head of the Roman Catholic Church said that fake news is a sign of intolerant and hypersensitive attitudes, and leads to the spread of hatred. He praised the measures to educate people, the work of tech and media companies to verify personal identities, and the institutional and legal initiatives aimed at developing regulations for curbing the phenomenon.

The Pontiff’s message comes a day after the UK Prime Minister announced an anti-fake news unit tasked with combating disinformation. The French President announced plans earlier this month for a new law through which judges will be able to block a website or account, especially during elections, and oblige Internet platforms to reveal the names behind sponsored content. The Prime Minister of Malaysia made a similar announcement, saying that regulation could prevent uprisings, or prevent elections being affected by the spread of false news.

Both UK and French leaders believe that fake news is the result of anti-Western propaganda spread by hostile foreign states, such as Russia. This has brought about an intense political will to curb the problem, as governments fear the issue will affect public opinion during election campaigns. Given the strong political will, the question is whether Internet companies will succeed in appeasing governments’ concerns.

Taxation for the Internet economy comes into focus again

New tax measures in different parts of the world, together with Bloomberg’s revelations that Google shielded billions in revenue through a tax-avoidance scheme, brought tax issues to the forefront this month.

The Supreme Court of the United States will revisit a 1992 tax ruling which had made the Internet a largely ‘tax-free zone’ in the USA, and through which retailers are taxed only in those states where they have a physical presence. Several ASEAN countries, such as Singapore, Thailand, and Malaysia, are also introducing taxes on e-commerce sales or considering doing so.

According to Bloomberg, Google reportedly used two structures, known as the ‘Double Irish’ and the ‘Dutch Sandwich’, in which the company shifted €15.9 billion in revenue to a Dutch company with no employees, and then to a Bermuda mailbox owned by an organisation registered in Ireland. Reacting to criticisms, Google’s CEO said it was ready to pay higher amounts of tax but the issue was rather on where it should be paid. In his intervention at the WEF annual meeting in Davos, the CEO encouraged the OECD to take the lead in proposing new solutions.

Governments have long been uncomfortable with forum shopping by Internet companies to avoid paying taxes. In 2017, a number of EU countries proposed new tax rules, which were met by mixed reactions. While the debate raised concerns over a possible two-speed Europe (with some countries adopting new tax rules, while others maintaining the status quo), a number of countries said that the challenge of taxing the digital economy was better managed in a global environment.

Both the OECD and the European Commission are expected to issue their reports on tax measures in the first few months of 2018. In addition to the question of where to tax, new measures will also need to address the question of what to tax.
DIGITAL POLICY: DEVELOPMENTS IN JANUARY

The monthly Internet Governance Barometer tracks specific Internet governance (IG) issues in the public policy debate, and reveals focal trends by comparing issues every month. The barometer determines the presence of specific IG issues in comparison to the previous month. Read more about each update.

Global IG architecture

The World Economic Forum has launched the Global Centre for Cybersecurity, which will focus on cybercrime and the application of new technologies in finance, healthcare, telecommunications, and mobility. Based in Geneva, the autonomous organisation will gather governments, the corporate sector, experts, and law enforcement agencies to consolidate existing cybersecurity initiatives, establish an independent library of cyber best practices, and work towards an appropriate and agile regulatory framework on cybersecurity.

Sustainable development

The UN Broadband Commission for Sustainable Development has set new targets for connecting the other half of the unconnected population by 2025. The targets, published in 2025 Targets: Connecting the other Half, include access to broadband Internet for 75% of people worldwide, 65% in developing countries, and 35% in least developed countries.

Security

Researchers have discovered critical vulnerabilities in processor chips made by Intel, AMD, ARM, Qualcomm, and other companies.

The US Departments of Commerce and Homeland Security have published a draft report – open for public consultations – titled Enhancing the Resilience of the Internet and Communications Ecosystem Against Botnets and Other Automated, Distributed Threats. The report recommends establishing basic security standards for IoT devices in home and industrial applications, and promoting international adoption through bilateral arrangements and the use of international standards.

A new German law has entered into force requiring Internet platforms with more than two million users to proactively report and delete illegal content swiftly. Pressure on Internet companies to tackle illegal content mount also in the UK and at EU level.

E-commerce & Internet economy

Singapore, which started its chairmanship of the Association of Southeast Asian Nations (ASEAN) for 2018, singled out e-commerce as a priority. ASEAN’s digital economy is projected to reach USD$200 billion by 2025.

The EU has started its work on the 2018 programme which will focus on adopting pending legislation in line with the Digital Single Market strategy. Two proposed directives for boosting e-commerce which the Commission will seek to finalise this year are the Digital Content Directive and the Online Goods Directive.

Google reportedly moved billions in revenue to Bermuda to avoid paying taxes, Bloomberg revealed. Following the growth of e-commerce in Southeast Asia, several ASEAN countries are introducing, or considering introducing, taxes on e-commerce sales.

In preparation for the entry into force of the EU’s General Data Protection Regulation (GDPR), ICANN has proposed models to ensure compliance of the so-called WHOIS policy with the data protection rules. All three models proposed a tiered/layered access to domain name registration data, as opposed to current policies which allow broad access to such data.

Digital rights

France has added data and artificial intelligence to the list of sectors requiring approval by the state before companies are acquired by foreign investors. The French Finance Minister hinted that foreign investors should not be allowed to market citizens’ data.

A number of shutdowns were reported: In DR Congo, the telecommunications ministry has cut off access to the Internet as anti-government protests continue. The Iranian government control has shut down social media and disrupted Internet access in response to protests online applications such as Toosheh (for downloading resources via satellite) and Torjani (resources for victims of domestic violence) are spreading to help users, especially women, continue to function online in spite of these controls.
Apple has set up a new data storage centre in China to comply with the country’s rules. The company’s new terms and conditions agreement with China reveals that all personal information and files of Chinese customers stored on the iCloud will be shared with the Guizhou-Cloud Big Data and could be further assessed and scrutinised by Chinese authorities.

Around 300 companies, groups, and individuals have filed briefs with the US Supreme Court, in support of Microsoft in its long-standing battle with the US government over access to e-mails held on the company’s Irish data server. Among those who filed briefs were the European Commission on behalf of the EU, and the UN Special Rapporteur on the Right to Privacy.

Alphabet-owned Google is planning to build three submarine cables in 2019 to expand its cloud computing infrastructure. The first, called the Curie cable, will connect Los Angeles to Chile; the second cable, Havfrue, built in partnership with Facebook, will link the USA to Denmark and Ireland; the third cable, for the Pacific region, will run from Hong Kong to Guam. With these three connections, Google now has direct investment in 11 cable systems.

In line with President Trump’s memorandum on Strengthening the Policy of the United States Toward Cuba, the USA is examining technological challenges for expanding Internet access in Cuba.

Following December’s vote by the US Federal Communications Commission (FCC) to repeal net neutrality rules, legislators in different states across the USA are proposing bills to enforce the net neutrality principle at state level. The US Senate is expected to vote on a draft bill that would reverse the order with which the FCC repealed the net neutrality rules. The bill is now entitled to bypass committee review and move directly to a Senate floor vote.

Meanwhile, AT&T has called for an Internet Bill of Rights to be adopted by the US Congress. Critics argue that the call is targeted at Internet companies such as Facebook, Amazon, and Google, which have not been subject to as much regulatory scrutiny as Internet Service Providers (ISPs) have.

In line with its Next Generation Artificial Intelligence Development Plan, announced in 2017, China will build a technology park for over 400 companies working in artificial intelligence, with an investment of USD$2.1 billion.

Half of all new cars in China will be powered by AI by 2020.

In Stockholm, citizens can use driverless buses for free during a trial project implemented by Ericsson in collaboration with Stockholm City.

For more information on upcoming events, visit http://dig.watch/events
Digitalisation and AI: How to make sure that the benefits outweigh the risks

The digital economy and technological progress in areas such as AI and automation create opportunities for development, but also ‘enormous confusion, and people feel left behind’, as noted by Germany’s Chancellor Angela Merkel. So how do we reconcile technological evolution, business interests, and the rights and interests of humans?

UK Prime Minister Theresa May said that the changes brought by AI and other technologies must ‘work for everyone’. For this, ‘international cooperation is needed on building ‘a common understanding of how to ensure the safe, ethical and innovative deployment of AI’. French President Emmanuel Macron joined this call, underlining that international cooperation is needed ‘to promote technology, but also to decide principles’.

As Canadian Prime Minister Justin Trudeau put it, for many people, ‘technology is a benefit to their lives, but a threat to their jobs’. Finding ways to ensure that the benefits of technological progress are largely distributed within society should be a high priority. Theresa May outlined three main areas for action: ‘helping people secure the jobs of tomorrow’ by focusing on education and training, increasing public investment in research and development, and adapting employment laws to keep pace with technology while preserving ‘vital rights and protections’. Indian Prime Minister Narendra Modi added that ‘we must demonstrate by action that new technology will not take away jobs. Rather, it will create new jobs in newer areas and manners.’

For countries to strive in the fourth industrial revolution, education is crucial, noted Trudeau. But the education systems need to be adapted to the new (technological) realities, as Alibaba CEO Jack Ma and others emphasised.

Many outlined the need for a human-centric approach to technological progress. Ma said that technology ‘should support human beings’ while May noted that ‘harnessing the power of technology is [...] fundamental to the advance of humanity’. One way to make this happen is to place ethics, transparency, and openness at the core of technological advances, as Google CEO Sundar Pichai and others noted.

Trust and responsibility in the digital age: Do we need new rules?

Digital technologies can improve people’s lives. And there are more chances for this to happen if people trust the technologies and the companies behind them. How to build such trust remains an open question.

For May, it is a combination of rules, legislation, and social norms. She reiterated the need for new regulations that clearly define the responsibilities of private companies in areas such as dealing with extremist content. But legislation cannot solve all problems, and when it comes to issues such as ‘online hatred and bullying, we need norms and expectations of how civilised people should interact’.

A strong call for new regulations in the digital economy came from George Soros. While acknowledging that companies such as Facebook and Google ‘have often played an innovative and liberating role’, he cautioned that they ‘have grown into ever more powerful monopolies’ and have started to ‘exploit the social environment’. Their new business model risks having serious consequences for the functioning of democracies, and this calls for ‘more stringent regulations, aimed at preserving competition, innovation, and fair and open universal access’.

The industry itself seems to have started to become aware of the need for new regulation. Salesforce CEO Marc Benioff argued that ‘technology companies have gotten a free pass on regulation, and that should change’, especially when it comes to responsibility and accountability issues. Something which Uber CEO Dara Khosrowshahi agreed with: ‘Where regulators can play a part is accountability. [...] I’d ask regulators be harsh with accountability.

WEF 2018 ANNUAL MEETING: WORLD LEADERS REFLECTING ON DIGITAL POLICY ISSUES

WEF held its 48th annual meeting in Davos, on 23–26 January. Heads of states and governments, high-level representatives of international organisations, and CEOs of major companies were among the participants. And digital policy issues featured among the points they tackled. We outline some of their reflections on the topic of embracing technological progress in an inclusive and human-centric manner.

Credit: World Economic Forum / Ciaran McCrickard
The Internet is vulnerable to the fragmentation of global society, which is likely to accelerate in response to the ongoing multilateralism crisis. If this crisis leads to further restrictions in the movement of people, capital, and goods across national borders, the same is likely to happen with the digital economy. Given this crisis, it will be all the more important to use the divergences to arrive at convergences. There are 10 areas of development which we will need to watch closely in 2018.

Read more about the 2018 predictions in 'A tipping point for the Internet: Prediction for 2018', by Dr Jovan Kurbalija.
DIGITAL POLICY IN REVIEW: MAIN DEVELOPMENTS IN 2017

January is typically the month when we look back at past trends. The Geneva Internet Platform joins this trend with the The Top 20 Developments in 2017, providing an overview of the main developments that shaped digital policy last year.

One of the year’s main developments was that the private sector proposed norms to protect cyberspace. Among them, Microsoft suggested a Digital Geneva Convention through which governments would adhere to cyber-norms that have emerged in recent years. Throughout the year, the proposal triggered many debates on the feasibility of new international mechanisms on cybersecurity, especially in the context of the 5th UN GGE ending without consensus.

The spread of extremist content and fake news determined governments to increase pressure on Internet companies to take more responsibility for the content they host. The industry responded with new initiatives and measures – such as the Global Internet Forum to Counter Terrorism – but pressure continued.

Governments became more aware of AI’s potential and started elaborating strategic plans to position themselves at the forefront of developments. But there were also growing concerns about the impact of automation and AI on the jobs market and on society at large. And AI experts warned against the development of lethal autonomous weapons systems.

Other main digital policy developments in 2017 included: WannaCry becoming the biggest ransomware in history, data breaches and vulnerabilities raising disclosure issues, courts continuing to shape digital policy and governments starting to fill in the regulatory gap, bitcoin and blockchain attracting more attention, and Internet freedom in decline as shutdowns increase. Read more about these and other developments.

IGF 2017: BUILDING IN CONVERGENCES TO SHAPE OUR DIGITAL FUTURE

The 12th meeting of the Internet Governance Forum took place on 18–21 December 2017, in Geneva, with the overarching theme ‘Shaping your digital future’. More than 2000 participants reflected on issues such as data, cybersecurity, digital commerce, frontier issues, and capacity development.

In many of these discussions, and especially in the context of calls for actions to address technology-related problems, values – such as democracy, trust, and freedom – came into focus. And while differences emerged as the debate moved from principles to concrete actions and details, there were also many points of convergence, as outlined in the Geneva Messages. If we build on these convergences, while keeping in mind the values and principles that are at the core of humanity, we can shape a promising digital future.

The Geneva Internet Platform, with support form the IGF Secretariat, ICANN, the Internet Society, and DiploFoundation, provided just-in-time reporting from IGF 2017. Read session reports, IGF Daily newsletters, and a final report summarising the main discussions: dig.watch/igf2017

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