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CHILE, LATIN AMERICA, AND INTERNET GOVERNANCE

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Thank you. I am honored to come to Chile and speak to you as an American Ambassador. It is to some degree a homecoming. This is where my parents are from, our extended family is here, and this country and its people hold a very special place in my heart.

I am here to extend the hand of friendship and to ask for your partnership in the international dialogue on how to best ensure that the Internet remains an open platform for global social and economic development for the region, the world, our children and grandchildren.

While Mexico, Brazil, Colombia, and Argentina have played an active role in the international institutions and organizations that debate Internet related issues, Chile has been relatively quiet. Yet, according to an April 2015 report of the Boston Consulting Group titled, “Which Wheels to Grease? Reducing Friction in the Internet Economy”, Chile is outperforming almost all of the other nations in Latin America in its digital strategy. It clearly has been greasing the “right” wheels. This country can and should be playing a leadership role as a champion of democratic discourse and open markets in the international debate over Internet governance.

This year, at the United Nations General Assembly in December, we will meet to review the last ten years of progress in the global digital economy and how it is contributing to global development. Chile has the industry, civil society, and governmental talent and capacity to help lead this discussion. You have a great story to tell and the world needs to hear it.

As you know, more than three billion people and trillions of devices are connected to the Internet today. That connectivity is revolutionizing how we live, work, and govern ourselves. It has shrunk the world, made more information more accessible to more people, and disrupted incumbent power in politics and business alike.

As a matter of economic and social justice, the global Internet helps bridge the gap between talent and opportunity. In much of the world, men and women in rural communities are now able to receive microloans to start a small business using only their smartphones. There are applications for women to track their health and the health of their baby while they are pregnant and for men and women to be able to identify the location of clean water.

And today, the Internet’s economic benefits are actually increasingly shifting to the developing world. It is in developing markets of Latin America, Africa, and Southeast Asia that the Internet economy is growing fastest, at a rate of 15 to 25 percent per year; compared with around 6% in developing countries. The Latin American Internet audience grew 23% in the past year and now represents 8% of the global Internet audience. Chile stands out in the region with over 66.5% of

its population connected to the internet, however average penetration in Latin America still hovers around 30% and falls as low as 8% in some countries. A 10 percent increase in broadband penetration is estimated to result in a 1 to 1.5 percent increase in annual per-capita growth, so the potential for the region is huge, however, the growth and promise that we know the Internet can deliver is not a foregone conclusion. The future we desire depends on how the technology is used and how it is governed. This is why the United States considers the promotion of an open, interoperable, secure, and reliable Internet a key component of our foreign policy.

The Internet developed organically, as an experiment by academics and technologists, discovering a new way to facilitate an exchange of ideas and make new connections between people. As the Internet has evolved into the critical resource it is today, governments in particular are grappling with what in some cases boils down to an identity crisis—what is the role of government? And, how much power or control should government be able to exercise vis-à-vis other stakeholders?

The way we see it, governments around the world must make a choice: to enable the Internet's growth or detract from it. To date, how governments make this choice and exercise it has proven inextricably linked to how they feel about freedom of expression and human rights. And where governments choose to reduce friction in the digital economy, the Boston Consulting Group study showed that compared to other similar markets, open markets experienced a real difference of 1% in GDP growth. Closed countries, those who deny their people the freedom to engage in commerce and discourse are falling behind.

Setting economics aside, the United States and Chile are both active champions of the exercise of human rights. As Secretary Kerry explained when he was in Seoul a few weeks ago, the United States particularly believes strongly in freedom of expression. We understand that we may not always agree with the views that some may choose to express and we know that some may abuse this right in order to harm others, but we believe that the benefits outweigh these challenges. Some governments believe the opposite and look for any excuse to silence their critics and have used the Internet to control what people read, see, write, and say.

We have a shared responsibility to be good stewards of the Internet and must not be complacent in pursuing our vision of the future. I see three critical issues ahead on which Chile and the United States can and should work together.

The first issue is access. The Internet can only be an engine for growth if it is available. Roughly three out of every five people in the world remain without Internet access, and in the poorest countries that figure can top 95 percent. That's why two years ago the United States helped to create the Alliance for Affordable Internet, a broad coalition of governments, industry, and civil society that works with policy makers to expand access while keeping prices low. It is also why Secretary Kerry announced that the State Department will soon launch a new initiative, in partnership with partner countries, development banks, engineers, and industry leaders to increase connectivity around the world. At the Summit of the Americas that took place in April

in Panama, President Obama announced our intention to work with partners to increase the adoption of fixed and mobile broadband, and the deployment of broadband infrastructure as necessary.

The second issue is governance. The Internet has flourished because of the bottom-up, consensus-based process that allows all stakeholders, including the private sector, civil society, academics, engineers and governments, to participate in its governance. This multistakeholder approach has served us well and is visible in many institutions that keep the Internet operating in a safe, secure, and reliable manner. There are those who claim this system is broken and should be replaced by a more centralized, top-down approach, where governments and inter-governmental institutions have more control. We believe that such claims are misguided and untrue, and would actually stunt the growth of the Internet and slow its delivery to the rest of the world. We are working steadfastly with our international partners and global stakeholders to preserve the multistakeholder approach wherever it is challenged but we need your help.

And the third issue is stability. Cyberattacks are a real and persistent threat for all states. At the policy level, we believe that our best defense is to promote international cyber stability. What that means is, we are seeking broad consensus on what constitutes responsible and irresponsible behavior in cyberspace, with the goal of creating a climate in which all states are able to enjoy the benefits of cyberspace.

In the United Nations, we have affirmed that the basic rules of international law apply in cyberspace, but we are also working on some additional principles that are gaining traction. First, no country should conduct or knowingly support online activity that intentionally damages or impedes the use of another country's critical infrastructure. Second, no country should seek either to prevent emergency teams from responding to a cybersecurity incident, or allow its own teams to cause harm. Third, no country should conduct or support cyber-enabled theft of intellectual property, trade secrets, or other confidential business information for commercial gain. Fourth, every country should mitigate malicious cyber activity emanating from its soil. And fifth, every country should do what it can to help states that are victimized by a cyber-attack.

The Internet has served us well as a platform to provide anyone connected to it with an opportunity to contribute to political, economic, and social discourse, and we believe that is a very good and important thing, worthy of preserving. It is the kind of freedom that this country fought for and won. And that is why it is so important that you engage this global debate.

The issues raised at the global gatherings of leaders related to the Internet transcend any one policy area and include questions of ethics, the role of government in society, commercial issues, and democracy. Chile's voice is critical in this conversation and to ensuring that this revolutionary tool is available for the Chilean children and grandchildren of my uncles and aunts to break down barriers in any field they wish to engage.

Thank you. I appreciate your time and look forward to answering any questions you might have.

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