



Office of the President of the Philippines
COMMISSION ON INFORMATION AND COMMUNICATIONS TECHNOLOGY

14th Edition of the Asia Pacific Regional Internet Conference (APRICOT 2009)

The State and the Future of Philippine Internet

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Keynote Message

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To the organizers and participants of APRICOT 2009 Manila, a pleasant good afternoon to all of you. On behalf of the Commission on Information and Communications Technology, or CICT, I would like to welcome you to this afternoon session on “*The State and the Future of Philippine Internet*,” as part of the 14th Edition of the Asia Pacific Regional Internet Conference, or APRICOT 2009. Since 1996, APRICOT has established itself as Asia Pacific’s most significant regional Internet Summit, showcasing the expertise of the region, as well as providing its talents with the opportunity to learn from their colleagues in the global Internet community.

I would like to congratulate the organizers of this important event, led by the Department of Science and Technology, or DOST, the Advanced Science and Technology Institute, or ASTI, and other participating government and private sector partners present today.

We have come a long way from the early 1990s, when the Internet was first made available to a handful of educational institutions. We give credit to the DOST for backing PhilNet Phases 1 and 2, and essentially seeing us on our way to a connected society. This project was also made possible by the strategic partnership of two pioneers: Dr. William Torres, then Managing Director of the CICT’s National Computer Center, and Dr. Rodolfo Villarica, of the Industrial Research Foundation, a non-stock, not-for-profit organization, established by the business sector to support the DOST’s research and development efforts. Under PhilNet Phase 2, which linked the University of the Philippines, the Ateneo de Manila University, De La Salle University and the University of San Carlos, in Cebu, the Philippines celebrated the successful launch of its Internet link to the United States in March 1994.

With the deregulation of the telecom industry in 1995 through Republic Act 7925, entitled “The Public Telecommunications Policy Act of the Philippines,” Government opened opportunities for the local ICT industry to become more competitive and diversified. This allowed the establishment of local internet service providers that serviced the Internet needs of the public and private sectors, academe, as well as those of households and individuals.

The use of ICT, most especially the Internet, resulted in profound changes in our daily lives. The emergence of the Internet has seen the birth of new innovative technologies, alongside the development of high bandwidth networks that are able to deliver faster and richer content to its users. In recent years, we have witnessed the Internet further democratize through Web 2.0 tools that facilitated online sharing and collaboration, triggering the birth of web-based communities. While still in relative infancy in the Philippines, the Internet and other ICTs are being made available to our citizens and various other stakeholders, in strategic places and at minimal costs, through various initiatives of both the public and private sector. Government is also leading the way for the development of ICT policies and standards to make sure that ICT services are safe, secure and trustworthy.

Allow me to share with you some of the CICT's initiatives in promoting the efficient and productive use of ICTs, in furthering the development goals of the Arroyo administration. Since the inception of the CICT in 2004, the agency has been mandated to be the primary policy, planning, coordinating, and implementing entity that will develop, promote and regulate integrated and strategic ICT systems for the country. The CICT has four strategic focus areas where plans and projects on ICT are pursued accordingly; and these are Human Capital Development, e-Government, Cyberservices, and Digital Infrastructure.

The development of the country's human capital plays a very important role in empowering individuals through proper training and skills development. Technologies change at a very rapid pace and it is essential that we keep up with the latest trends, technologies, and solutions to become empowered, globally competitive individuals. The CICT implements projects such as iSchools for our public high school students and eSkwela for our out of school youths. We also develop ICT competency standards to help professionalize our workforce in the government and private sectors. The CICT has also partnered with IBM and the Business Processing Association of the Philippines, or BPAP, in pushing for the adoption of the Services Science, Management and Engineering, or SSME, curriculum in selected pilot schools in the country.

e-Government aims to promote efficiency and transparency in government service through the use of ICT. Through the implementation of agencies' Information Systems Strategic Plans or ISSPs, the Philippine government will hasten its transformation into an ICT-enabled bureaucracy, streamlined to respond more quickly and effectively to the needs of our citizens. Through our E-Government Group, we have assisted in the development of national government agencies' and local government units' websites to increase their visibility on the Internet, as well as enhanced their interactive and transactional capabilities, by providing them with customized applications for content management, document and records tracking, and tax and property management.

A major e-government project of the CICT is advising the Commission on Elections, or COMELEC, on the automation of the May 2010 national and local elections, by which time we will have an estimated 50,000,000 voters. As chair of the COMELEC Advisory Council, the CICT heads a multi-stakeholder group mandated by law to recommend the most appropriate election automation technology to be used by COMELEC. Last year, the Advisory Council provided recommendations and assistance to the COMELEC in the automation of the 2008 ARMM elections, which was the first successful automated election in Philippine history. Complete results were available within 48 hours, and the automated process was well-received by voters.

Another major e-government project of the CICT is providing technical specifications for the unified multi-purpose ID, or UMID, project. This project aims to simplify the issuance of government-issued ID cards by converging several cards into one. Partners in this project include the Social Security System, or SSS, the Government Service Insurance System, or GSIS, the Philippine Health Insurance Corporation, or PhilHealth, and the National Statistics Office, or NSO. Not only will this result in cost savings for the government in the long run, it will also weed out duplicate cards and reduce the number of cards citizens need to carry.

Our Cyberservices Group has intensified its campaign to strengthen the competitiveness of the Philippine information technology business process outsourcing, or IT-BPO, industry through partnerships and initiatives with the private sector. The Philippines has been able to secure its place among the top destinations for IT-BPO in the global market, having been named Offshoring Destination of the Year by the National Outsourcing Association in the UK. In addition, Manila is ranked the number 3 outsourcing city in Asia Pacific by IDC and Cebu is ranked the top emerging outsourcing city in the world by Tholons/Global Services.

Since its humble beginnings in the late 90s, the Philippine IT-BPO industry has achieved explosive growth and is now a major component of the national economy. The industry now includes call centers, back office support, software development, medical and legal transcription, animation, engineering design and game development. This industry has already produced 372,000 jobs to date and generated over 6 billion US dollars in export revenue in 2008. Despite the current global economic crisis, the industry still expects a growth rate of 20-30% for 2009. With the runaway success of our call centers, the industry is now focusing on diversifying into the higher value added non-voice services.

In an effort to spread the economic benefits of the industry around the country and to decongest Metro Manila, the CICT has partnered with BPAP and the Department of Trade and Industry to establish Next Wave Cities as part of the Philippine Cyber Corridor. To date, we have identified about 30 cities that are capable of becoming ICT hubs and hosting IT-BPO operators. In addition, last year we performed an in-depth scorecarding exercise to assess the IT-BPO readiness of these Next Wave Cities and we recently released our list of Top Ten Next Wave Cities to guide investors on where to locate their IT-BPO businesses.

Finally, our Digital Infrastructure Group's mandate is to work with the private sector to ensure universal access to ICT services for all Filipinos. Recently, President Macapagal-Arroyo has directed the CICT to improve the country's Internet penetration. According to the International Telecommunication Union, or ITU, the Philippines has one of the lowest connectivity rankings in Asia, with only 2.84 Internet subscribers, and 6.03 Internet users, per 100 inhabitants, as of 2007. The number of broadband subscribers is much lower at 0.56 per 100 inhabitants. We believe that the CICT is well positioned to pursue its universal access initiatives, especially now that the NTC, the Telecommunications Office, and the communications units of the Department of Transportation and Communications, have recently been transferred back to the CICT.

At the international level, the CICT is implementing the APEC project "Workshop on Universal Access to Broadband: Policies and Practices in APEC," which will be held in April 2009 in Singapore. The Workshop will feature the sharing of policy experiences and best practices on the implementation of universal access to broadband services. The establishment of a common plan of action towards ensuring universal access to broadband shall also be explored. It will also be an opportunity to discuss the progress of various economies towards the Brunei 2010 and Bangkok 2015 declarations on universal broadband access.

The CICT is also currently implementing the ASEAN project "Framework for ASEAN International Telecommunications Network Connectivity Disaster Preparedness and Recovery." The earthquake that shook the coast of Taiwan in December prompted ASEAN to undertake a study to provide a proposed framework of international connectivity of ASEAN countries to satisfy the requirement of bandwidth in the future, to have adequate diversity and reliability, and also to mitigate the effects of any disasters on national and international connectivity.

Over the years, the exponential growth of the Internet, resulting in an explosion of digital traffic and possible IP address exhaustion, has spurred the need to adopt Internet Protocol Version 6, or IPv6, as a response to the shortcomings of IPv4, the dominant network protocol on the Internet today. The main improvement rendered by IPv6 is a much larger address size of 128 bits, which can support an exponentially larger number of IP addresses for an ever increasing number of Internet devices, which now include mobile phones and other handheld devices. Other benefits of IPv6 include more efficient routing, less management, better methods for changing ISPs, improved mobility, multihoming, and increased security.

The Philippine government, through the CICT, fully recognizes the benefits offered by IPv6. ASTI is leading the effort to increase awareness of IPv6 and the CICT will partner with ASTI and the NTC to develop a study on IPv6 migration and push for the necessary legislation for implementation. We are committed to encouraging the adoption of IPv6, not only by telecom operators and ISPs, but government agencies as well.

As much as ICT needs to be fully exploited and implemented in the Philippines, it is essential that countries engage in collaboration, cooperation and coordination with international organizations and fora. The ITU serves as a primary forum for IPv6 implementation. It coordinates with other standards development organizations on the promotion and development of IPv6. There have been two plenipotentiary conferences where relevant resolutions have been formulated and passed, including matters relating to IPv6. The World Summit on the Information Society has emphasized the role of international organizations in assuring that these developments are fully implemented and put into practice to further enhance the accessibility of ICTs.

While we recognize that Internet governance is a global responsibility, the Philippine Government prioritizes the immediate installation of national cyber security mechanisms to protect its citizens from the threats of both domestic and international criminal activities. With the growth of the Internet, the CICT recognizes the increasing threat of cybercrime. Our infrastructures and societal processes are now heavily dependent on ICT and are therefore vulnerable to cyber security threats such as spamming, identity theft, hacking, malware and viruses, denial-of-service attacks, child pornography and cyber prostitution. Cybersecurity provisions in existing laws are quickly outdated by advancing technology that is accessible to everyone, including those with criminal intentions.

One area of particular concern is the Philippines' large and growing mobile subscriber base. The Philippines is widely considered the text messaging capital of the world with a mobile subscriber base of about 60 million that sends nearly 1 billion text messages a day. Technological advances have also enabled mobile commerce, which allows mobile subscribers to buy and sell goods and services or remit money across borders through wireless handheld devices. Given the increasing number of transactions being facilitated by mobile phones, it has become of paramount importance to secure our communications infrastructure to protect consumers and prosecute cyber criminals.

Another area of concern is the protection of our women and children in the online environment. While on-line fraud, denial of service attacks and other crimes result in millions or even billions of dollars of damage, the damage caused by child pornography and cyber prostitution to innocent women and children far exceeds any monetary amount. While existing laws have assisted us in prosecuting criminals, they have become increasingly inadequate for threats that have grown in frequency and sophistication.

To further address cyber security concerns, we are focusing our efforts in establishing a framework for the suppression and prevention of cybercrimes and the prosecution of cyber criminals. We led a technical working group in drafting an Anti-Cybercrime Bill consistent with the Council of Europe's Convention on Cybercrime and the bill was approved just last week by the Committee on ICT of the House of Representatives. We are still hopeful that this measure will be passed during the current Congress. In the meantime, we have designated a National Cyber Security Coordinator to specifically handle concerns related to cyber security.

In closing, I would like to once again commend the organizers of this forum, including the Advanced Science and Technology Institute, for hosting APRICOT 2009. This event has brought together government and private sector representatives, experts, IT professionals and scholars from around the world, and made it possible for the Internet community to come face-to-face to enjoy collegial discussions on issues regarding Internet governance, network management and security, as well as learn about new Internet technologies. I hope you enjoy the rest of the conference, as well as your visit to the Philippines.

Thank you very much and mabuhay!