

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	Re: [G-8 Summit] (7 pages)	07/19/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Cables
Jan 1999-Dec 2000 ([Digital Divide; National Information Infrastructure])
OA/Box Number: 530000

FOLDER TITLE:

[05/10/2000 - 09/22/2000]

2019-0203-F

ke5675

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Cable

PREC: ROUTINE
CLASS: UNCLASSIFIED
LINE1: RAAUZYUW RUEHBSA2762 1311358-UUUU--RHEHAAX.
LINE2: ZNR UUUUU ZZH
LINE3: R 101358Z MAY 00
LINE4: FM USEU BRUSSELS
OSRI: RUEHBS
DTG:
ORIG: USEU BRUSSELS
TO: RUEHC/SECSTATE WASHDC
INFO: RUCPDO/USDOC WASHDC
RUEHXQ/ALL EUROPEAN UNION POST COLLECTIVE
SUBJ: EIZENSTAT/LIIKANEN ON FSC, VAT ON INTERNET
TRANSACTIONS, DIGITAL DIVIDE
TEXT: UNCLAS SECTION 01 OF 03 BRUSSELS 002762

SENSITIVE

STATE PASS USTR FOR COLLINS, CORBETT, LURENTZEN
STATE FOR EB/CIP WEINSCHENK AND EUR/ERA SULLIVAN

E.O. 12958: N/A

TAGS: EINT, ETRD, EUN, EFIN
SUBJECT: EIZENSTAT/LIIKANEN ON FSC, VAT ON INTERNET
TRANSACTIONS, DIGITAL DIVIDE

REF: A) 99 BRUSSELS 5114; B) LISBON 1107

1. (U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED. NOT FOR
INTERNET DISTRIBUTION.

2. (SBU) SUMMARY: DURING A MAY 2 MEETING WITH ERKKI
LIIKANEN, EU COMMISSIONER FOR ENTERPRISE AND INFORMATION
SOCIETY, TREASURY DEPUTY SECRETARY STUART EIZENSTAT
EMPHASIZED THE IMPORTANCE OF A RESOLUTION TO THE FSC CASE
FOR BOTH U.S. AND EUROPEAN FIRMS AND RAISED CONCERNS THAT
THE EU MIGHT PREMATURELY MOVE AHEAD WITH A PROPOSAL TO
IMPOSE VAT OBLIGATIONS ON NON-EU SUPPLIERS OF INTERNET
SERVICES AND VIRTUAL GOODS. EIZENSTAT ALSO BRIEFED
LIIKANEN ON U.S. ACTIVITIES RELATED TO THE DIGITAL DIVIDE
ON BOTH DOMESTIC AND INTERNATIONAL LEVELS. LIIKANEN NOTED
THE EU'S SHARED INTEREST IN ADDRESSING DIGITAL DIVIDE
CHALLENGES BUT CAUTIONED THAT IF HANDLED BADLY IT WOULD
EXACERBATE ANTI-GLOBALIZATION SENTIMENT. END SUMMARY.

2. (SBU) COMMENT: LIIKANEN DOES NOT HAVE THE LEAD ON
EITHER FSC OR VAT WITHIN THE COMMISSION AND WAS PRIMARILY
IN A LISTENING MODE ON FSC. IN HIS ROLE AS OVERALL
COORDINATOR OF INFORMATION SOCIETY MATTERS, HOWEVER,

LIIKANEN HAS A SIGNIFICANT INTEREST IN DEVELOPMENTS ON THE VAT QUESTION AND CAN BE EXPECTED TO SEEK TO INFLUENCE ITS OUTCOME. NONETHELESS, GIVEN THE SENSITIVITY OF TAX ISSUES AMONG MEMBER STATES, HIS ABILITY TO DRIVE THE OUTCOME IS PROBABLY LIMITED. END COMMENT.

3. (U) TREASURY DEPUTY SECRETARY EIZENSTAT MET WITH ERKKI LIIKANEN, EU COMMISSIONER FOR ENTERPRISE AND INFORMATION SOCIETY ON MAY 2 TO DISCUSS: THE FOREIGN SALES CORPORATION (FSC) CASE AND U.S. EFFORTS TO FIND A WTO-CONSISTENT SOLUTION; EXPECTED EU PROPOSALS ON APPLICATION OF VAT TO VIRTUAL GOODS SUPPLIED FROM THE U.S.; AND THE DIGITAL DIVIDE. THE MEETING WAS ATTENDED BY AMBASSADOR MORNINGSTAR, ILKA RAASINEN (LIIKANEN CABINET), MARY CHAVES (TREASURY), KAREN KORNBLUH (TREASURY), AND USEU ECONOFF.

FOREIGN SALES CORPORATION (FSC)

3. (SBU) EIZENSTAT ACKNOWLEDGED THAT THE FSC ISSUE WAS NOT DIRECTLY WITHIN LIIKANEN'S REMIT BUT UNDERScoreD THAT IT IS A POTENTIALLY HUGE PROBLEM WITH CLEAR IMPLICATIONS FOR EUROPEAN ENTERPRISES. HE SAID THAT VIRTUALLY ALL EUROPEAN FIRMS THAT HAVE A U.S.PRESENCE TAKE ADVANTAGE OF FSC. LIIKANEN WAS INTERESTED IN GETTING MORE DETAIL ON HOW EUROPEAN-OWNED FIRMS HAVE BENEFITED AND EIZENSTAT PROMISED TO PROVIDE SOME STATISTICS.

4. (SBU) EIZENSTAT SAID THAT THE U.S. APPRECIATES THE LOW-KEY REACTION BY THE EU TO THE WTO FINDING AGAINST FSC, WHICH HAS HELPED FORESTALL HARSH REACTION BY THE U.S. CONGRESS AND PRIVATE SECTOR. EIZENSTAT REPORTED THAT HE WOULD BE PRESENTING TO PASCAL LAMY, EU COMMISSIONER FOR TRADE, A PROPOSAL THAT IS WTO-COMPATIBLE (SEE SEPTTEL REPORT ON LAMY MEETING). THE U.S. GOAL IS TO COMPLY WITH THE WTO FINDING BY THE OCTOBER 1 DEADLINE.

VAT ON INTERNET TRANSACTIONS

5. (SBU) EIZENSTAT RAISED CONCERN ABOUT THE EU'S EXPECTED PROPOSAL TO AMEND THE VAT REGIME TO COVER DIGITALLY DELIVERED SERVICES AND "VIRTUAL GOODS" FROM U.S. SUPPLIERS TO EU CONSUMERS. NOTE: THE EU REPORTEDLY PLANS TO CONSIDER "VIRTUAL GOODS" SUCH AS ELECTRONICALLY TRANSMITTED BOOKS AND MUSIC TO BE SERVICES AND THEREBY CAUGHT UNDER THE REVISED REGIME. END NOTE. CURRENTLY, U.S. SUPPLIERS OF SUCH "SERVICES" INTO THE EU ARE NOT LIABLE FOR VAT. EIZENSTAT EMPHASIZED THE NEED TO DEAL WITH INTERNET REGULATION IN A COORDINATED AND HARMONIZED FASHION. HE NOTED THAT OECD RECOMMENDATIONS ON INTERNET TAX ISSUES ARE EXPECTED BY NEXT YEAR AND URGED

THE EU TO REFRAIN FROM MOVING UNILATERALLY IN ADVANCE OF COMPLETION OF WORK IN THE OECD. EIZENSTAT SAID THAT INTERNET TAX QUESTIONS ARE EXTREMELY COMPLEX AND CONTROVERSIAL, AS EVIDENCED BY THE RECENT INABILITY OF A SPECIAL COMMISSION IN THE U.S. TO COME TO A CONSENSUS. IT IS ESSENTIAL THAT

DECISIONS MADE ARE "RIGHT" AND DO NOT INADVERTENTLY DISADVANTAGE SOME SUPPLIERS OR DISTORT MARKETS. IN ADDITION, EIZENSTAT NOTED THAT THE MONETARY VALUE OF DIGITALLY TRANSMITTED GOODS AND SERVICES REMAINS VERY SMALL. THUS, THE EU SHOULD NOT FEEL FISCAL PRESSURE TO MOVE QUICKLY.

UNCLAS SECTION 02 OF 03 BRUSSELS 002762

SENSITIVE

STATE PASS USTR FOR COLLINS, CORBETT, LURENTZEN
STATE FOR EB/CIP WEINSCHENK AND EUR/ERA SULLIVAN

E.O. 12958: N/A

TAGS: EINT, ETRD, EUN, EFIN
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TRANSACTIONS, DIGITAL DIVIDE

6. (SBU) LIIKANEN AGREED IT IS IMPORTANT TO AVOID CREATING NEW PROBLEMS AND DISCRIMINATORY TAXES. HE SAID THAT FRITZ BOLKESTEIN, COMMISSIONER FOR INTERNAL MARKET, CUSTOMS AND TAXATION, HAS ASSURED HIM THAT THE INTENT OF THE FORTHCOMING PROPOSAL IS TO GUARANTEE NEUTRALITY OF TREATMENT OF SALES BY U.S. AND EU SELLERS. LIIKANEN SAID THAT HE WOULD CAREFULLY SCRUTINIZE THE PROPOSAL TO ENSURE THAT EUROPE'S INFORMATION SOCIETY GOALS, FOR WHICH HE HAS OVERALL RESPONSIBILITY, WOULD NOT BE UNDERMINED. HE NOTED THAT U.S. FIRMS HAVE RAISED CONCERNS ABOUT ADMINISTRATIVE COMPLEXITY. NOTE: THE DRAFT PROPOSAL HAS BEEN EXPECTED FOR MONTHS BUT HAS BEEN REPEATEDLY DELAYED. END NOTE.

DIGITAL DIVIDE

7. (SBU) EIZENSTAT SUMMARIZED THE ELEMENTS OF THE PRESIDENT'S 2001 BUDGET REQUEST DEVOTED TO ADDRESSING THE DIGITAL DIVIDE ON A DOMESTIC LEVEL:

-- \$2 BILLION OVER 10 YEARS IN TAX INCENTIVES TO ENCOURAGE PRIVATE SECTOR DONATION OF COMPUTERS, SPONSORSHIP OF COMMUNITY TECHNOLOGY CENTERS, AND TECHNOLOGY TRAINING FOR WORKERS;

-- \$150 MILLION TO HELP TRAIN ALL NEW TEACHERS ENTERING THE WORKFORCE;

-- \$100 MILLION TO CREATE 1,000 COMMUNITY TECHNOLOGY CENTERS IN LOW-INCOME URBAN AND RURAL AREAS;

-- USD 50 MILLION FOR A PUBLIC/PRIVATE PARTNERSHIP TO EXPAND HOME ACCESS TO COMPUTERS AND THE INTERNET FOR LOW-INCOME FAMILIES;

-- USD 45 MILLION TO PROMOTE INNOVATIVE APPLICATIONS OF INFORMATION AND COMMUNICATIONS TECHNOLOGY FOR UNDER-SERVED COMMUNITIES;

--USO 25 MILLION TO ACCELERATE PRIVATE SECTOR DEPLOYMENT OF BROADBAND NETWORKS IN UNDER-SERVED COMMUNITIES; AND

-- USD 10 MILLION TO PREPARE NATIVE AMERICANS FOR CAREERS IN INFORMATION TECHNOLOGY AND RELATED FIELDS.

EIZENSTAT SAID THAT PRESIDENT CLINTON RECENTLY RECEIVED OFFERS FROM THE PRIVATE SECTOR IN THE SOUTHWEST FOR USO 100 MILLION OF COMPUTER EQUIPMENT AND SERVICES. THE ADMINISTRATION HAS NOT YET FIGURED OUT HOW TO DISTRIBUTE THE BOUNTY FROM SUCH OFFERS. HE ALSO NOTED THAT THE ADMINISTRATION IS GRAPPLING WITH HOW BEST TO PROVIDE INCENTIVES FOR INVESTMENT IN BROADBAND FOR UNDERSERVED AREAS. THE CONUNDRUM, HE SAID, IS THAT THERE IS LITTLE INCENTIVE FOR THE PRIVATE SECTOR TO INVEST IN BROADBAND SERVICE FOR POORER AREAS YET THOSE AREAS NEED IT IF THEY ARE TO ATTRACT THE BUSINESS AND INVESTMENT THAT WILL BRING GREATER PROSPERITY.

8. (SBU) LIIKANEN SAID THAT DIGITAL DIVIDE ISSUES ARE ALSO AT THE TOP OF EUROPE'S AGENDA. HOWEVER, THE USE OF TAX INCENTIVES TO ADDRESS THE CHALLENGES IS QUITE SENSITIVE IN EUROPE. HE SAID THERE IS A FEAR THAT IT WOULD JUST NARROW THE TAX BASE AND LEAD TO HIGHER RATES. HE BRIEFLY RECOUNTED THE OUTCOME OF THE MARCH 23-24 LISBON SUMMIT (REF B) WHERE EUROPEAN LEADERS AGREED ON A NUMBER OF SPECIFIC TARGETS, INCLUDING: LIBERALIZING ACCESS TO FIXED LOCAL NETWORKS (I.E., UNBUNDLING THE LOCAL LOOP); CONNECTING ALL SCHOOLS TO THE INTERNET; AND COMPLETING THE BASIC LEGISLATIVE FRAMEWORK FOR THE INTERNET. LIIKANEN SUGGESTED THAT MORE ATTENTION BE GIVEN TO PROVIDING BROADBAND VIA THE EXISTING COPPER WIRE AS IT REQUIRED THE SMALLEST INVESTMENT. HE ACKNOWLEDGED THAT THERE ARE DIFFICULTIES FOR SPARSELY POPULATED AREAS GIVEN THE NEED TO BE RELATIVELY CLOSE TO A SWITCH.

G-8

9. (SBU) EIZENSTAT SAID THAT THE G-8 IS ALSO TURNING ITS ATTENTION TO THE DIGITAL DIVIDE. THE G-8 MEMBERS ARE WORKING ON AN "OKINAWA CHARTER ON THE INFORMATI ON SOCIETY" THAT WILL FOCUS NOT ONLY ON CLOSING THE DOMESTIC DIGITAL DIVIDE WITHIN G-8 MEMBER STATES BUT ON CLOSING THE GROWING GAP BETWEEN THE DEVELOPED AND DEVELOPING WORLD. THE U.S. HAS SUGGESTED THAT THE G-8 DEVELOP PILOT PROJECTS IN THE AREAS OF EDUCATION, MEDICINE/PUBLIC HEALTH, CULTURAL PRESERVATION AND MICRO-ENTERPRISE/E-COMMERCE. THE U.S. IS PROPOSING THAT THESE PROGRAMS BE COORDINATED BY A G-8 "DIGITAL OPPORTUNITY WORKING GROUP," WHICH COULD ALSO WORK UNCLAS SECTION 03 OF 03 BRUSSELS 002762

SENSITIVE

STATE PASS USTR FOR COLLINS, CORBETT, LURENTZEN
STATE FOR EB/CIP WEINSCHENK AND EUR/ERA SULLIVAN

E.O. 12958: N/A

TAGS: EINT, ETRD, EUN, EFIN
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TO PROMOTE ADOPTION BY INTERESTED COUNTRIES OF POLICIES
THAT WILL SPUR DEVELOPMENT OF INFORMATION TECHNOLOGY.

10. (SBU) LIIKANEN AGREED ON THE IMPORTANCE OF LOOKING AT
THE DIGITAL DIVIDE BETWEEN DEVELOPED AND DEVELOPING
COUNTRIES. HOWEVER, HE SAID THAT IF "WE DO IT BADLY," WE
MIGHT SIMPLY FUEL THE CONCERNS OF ANTI-GLOBALIZATION
GROUPS. HE ALSO NOTED THAT THE DEVELOPMENT DIRECTORATE
WITHIN THE COMMISSION HAS BEEN RELUCTANT TO EMBRACE
DIGITAL DEVELOPMENT AS A PRIORITY WHEN COUNTRIES STILL
LACK BASICS SUCH AS ACCESS TO CLEAN WATER. NONETHELESS,
LIIKANEN EXPECTS THE COMMISSION TO MOVE FORWARD WITH SOME
"E-DEVELOPMENT" INITIATIVES SINCE WITHOUT INFORMATION
TECHNOLOGY DEVELOPING COUNTRIES WILL REMAIN POOR.
EIZENSTAT AGREED THAT DIGITAL DIVIDE PROBLEMS WERE MULTI-
LAYERED. HE NOTED, FOR EXAMPLE, THAT THE U.S. HAS A
SIGNIFICANT ILLITERACY PROBLEM THAT PREVENTS MANY PEOPLE
FROM BENEFITING FROM TECHNOLOGY EVEN IF THEY HAVE ACCESS.

11. DEPUTY SECRETARY EIZENSTAT HAS REVIEWED THIS CABLE.

MORNINGSTAR

TOR: 05/10/00 11:19:17

DIST: SIT: BLINKEN BRUNS NSC CRAWFORD DAVIDSON DUNCAN KASS LEE MUNTER NORLAND
VONLIPSEY YEE
PRT: USTR{P\\SOCKS\GRD-2PS,06}

Withdrawal/Redaction Marker

Clinton Library

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OA/Box Number: 530000

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[05/10/2000 - 09/22/2000]

2019-0203-F
ke5675

RESTRICTION CODES

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Cable

PREC: ROUTINE

CLASS: UNCLASSIFIED

LINE1: RAAUZYUW RUEHSA1312 2421252-UUUU--RHEHAAX.

LINE2: ZNR UUUUU ZZH

LINE3: R 291252Z AUG 00

LINE4: FM AMCONSUL SAO PAULO

OSRI: RUEHSO

DTG:

ORIG: AMCONSUL SAO PAULO

TO: RUEHC/SECSTATE WASHDC 4528
RUEHBR/AMEMBASSY BRASILIA 4947
RUEHRG/AMCONSUL RECIFE 0508
RUEHRI/AMCONSUL RIO DE JANEIRO 2320
RUCPCIM/CIMS NTDB WASHDC
RUEHBU/AMEMBASSY BUENOS AIRES 0480
RUEHMN/AMEMBASSY MONTEVIDEO 0356
RUEHAC/AMEMBASSY ASUNCION 0324
RUEHSG/AMEMBASSY SANTIAGO 0258
RUEHME/AMEMBASSY MEXICO 0205
RUEHCV/AMEMBASSY CARACAS 0252
RUEHLP/AMEMBASSY LA PAZ 0332
RUEHBO/AMEMBASSY BOGOTA 0389
RUEHPE/AMEMBASSY LIMA 0173
RUCPDO/USDOC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEHC/DEPT OF LABOR WASHDC

INFO: ////

SUBJ: PRIVATE INITIATIVE TO BRIDGE DIGITAL DIVIDE
GATHERS STEAM IN BRAZIL

TEXT: UNCLAS SECTION 01 OF 02 SAO PAULO 001312

DEPT OF TREASURY FOR WES MCGREW AND PETER DOHLMAN
STATE FOR INR/B
USDOC FOR 4332/ITA/IEP/WH/OLAC-SC AND 3134/USCS/OIO/WH
STATE PASS EXIMBANK
STATE PASS OPIC FOR DMORONSE, NRIVERA, AND CMERVENNE
STATE PASS AID FOR LAC/DPB/EA

E.O. 12958: N/A

TAGS: EINT, TINT, SOCI, KOCI, ECPS, BR

SUBJECT: PRIVATE INITIATIVE TO BRIDGE DIGITAL DIVIDE
GATHERS STEAM IN BRAZIL

REF: A) SAO PAULO 175, B) 99 SAO PAULO 1320

SUMMARY

1. A PRIVATELY FUNDED INITIATIVE TO TEACH STREET KIDS
FROM BRAZIL'S SHANTYTOWNS (FAVELAS) HOW TO USE COMPUTERS

AND INTERNET TECHNOLOGY IS RAPIDLY GAINING MOMENTUM. IN 1993, RODRIGO BAGIO OPENED HIS FIRST COMPUTER SCHOOL IN THE SANTA MARTA FAVELA, A VIOLENT SHANTYTOWN IN THE CITY OF RIO DE JANEIRO. BAGIO'S EFFORT WAS SO SUCCESSFUL THAT IN MARCH 1995 HE FOUNDED THE 'COMMITTEE FOR THE DEMOCRATIZATION OF INFORMATICS' (CDI). WHAT STARTED AS A SMALL OPERATION IN RIO DE JANEIRO EXPANDED RAPIDLY THROUGHOUT BRAZIL. CDI CURRENTLY TEACHES 40,000 STUDENTS IN 140 SCHOOLS LOCATED IN 40 FAVELAS IN 14 BRAZILIAN STATES. BAGIO AND CDI HAVE GAINED INTERNATIONAL RECOGNITION. WHILE NO ORGANIZATION CAN SINGLE-HANDEDLY PROVIDE COMPUTER SKILLS TO BRAZIL'S POOR, IT IS HEARTENING TO NOTE THAT A HOMEGROWN INITIATIVE CAN FLOURISH AND MAKE A DIFFERENCE. END SUMMARY.

BACKGROUND

2. THIS CABLE IS BASED ON A SPEECH DELIVERED BY RODRIGO BAGIO AT A LUNCHEON SPONSORED BY THE SAO PAULO AMERICAN CHAMBER OF COMMERCE (AMCHAM) AT THE END OF JULY. THE LUNCHEON WAS WELL-ATTENDED AND BAGIO'S EXPLANATION OF THE HISTORY, GOALS, AND OBJECTIVES OF CDI WAS WELL RECEIVED. DURING THE LUNCH, AMCHAM PRESIDENT JOHN MEIN ALSO ANNOUNCED A PROGRAM TO SOLICIT THE DONATION OF AT LEAST 500 PENTIUM COMPUTERS BY AUGUST 25. THESE COMPUTERS WILL BE USED TO START A CDI PROGRAM IN SAO PAULO. UNTIL NOW, CDI HAS PRIMARILY FOCUSED ON RIO AND THE NORTH/NORTHEASTERN STATES.

PLANTING THE SEEDS FOR SUCCESS

3. BAGIO, A YOUNG FINANCIALLY SUCCESSFUL INFORMATICS PROFESSOR AND CONSULTANT FROM RIO DE JANEIRO, HAD A DREAM. HE DREAMT OF THE DAY THAT STREET KIDS WOULD USE COMPUTERS TO FIND SOLUTIONS TO THEIR MOST PRESSING PROBLEMS AND OFFER ALTERNATIVES TO GUNS, DRUGS, AND CRIME AS A MEANS TO MAKE A LIVING. BAGIO RESIGNED FROM A LUCRATIVE JOB AND BEGAN TO TEACH THE KIDS COMPUTER SKILLS. HE ALSO ASKED THE LOCAL BUSINESS COMMUNITY TO DONATE USED COMPUTERS FOR HIS PROJECT. HOWEVER, BAGIO'S FIRST EFFORTS WERE UNSUCCESSFUL. BUSINESSES DID NOT REALLY BELIEVE THAT STREET KIDS, WHO ARE OFTEN ASSOCIATED WITH DELINQUENCY, DRUG TRAFFICKING, AND CRIME, WOULD BE INTERESTED IN LEARNING TO USE COMPUTERS OR THE INTERNET.

THE FIRST SCHOOL: FAVELA SANTA MARTA GOES HIGH TECH

4. WITH ONLY THREE FUNCTIONAL COMPUTERS, BAGIO OPENED HIS FIRST COMPUTER SCHOOL IN LATE 1993 IN THE SANTA MARTA FAVELA, ONE OF THE MOST VIOLENT AND DANGEROUS SHANTYTOWNS IN THE CITY OF RIO. MORE THAN 600 STUDENTS ENROLLED WITHIN TWO DAYS. COMMUNITY LEADERS TOOK NOTE AND INTEREST IN THE PROJECT GREW. TV GLOBO (BRAZIL'S LARGEST TV NETWORK) ALSO TOOK NOTE AND GAVE BAGIO'S

PROJECT WIDE MEDIA COVERAGE.

MANAGING RAPID GROWTH

UNCLAS SECTION 02 OF 02 SAO PAULO 001312

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E.O. 12958: N/A

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GATHERS STEAM IN BRAZIL

5. BAGIO'S EFFORT WAS SO SUCCESSFUL THAT IN MARCH 1995 HE OFFICIALLY FOUNDED THE 'COMMITTEE FOR THE DEMOCRATIZATION OF INFORMATICS' (CDI). CDI IS A NON-GOVERNMENTAL ORGANIZATION (NGO) THAT FOCUSES ON TEACHING STREET KIDS HOW TO USE COMPUTERS AND THE INTERNET. AT THAT TIME, CDI WAS MANAGING TEN SCHOOLS STAFFED BY VOLUNTEERS AND FUNDED SOLELY BY DONATIONS. THE PROJECT'S PRINCIPAL OBJECTIVE IS TO MAKE EACH SCHOOL SELF-SUFFICIENT BY GENERATING ENOUGH FUNDS TO PAY FOR ITS UPKEEP AND EXPENSES. BAGIO ALSO BELIEVES THAT SCHOOLS SHOULD RECRUIT TEACHERS AND HELPERS FROM THE COMMUNITY ITSELF.

6. WHAT STARTED AS A SMALLTIME OPERATION IN RIO BALLOONED INTO A STATEWIDE PROJECT AND EXPANDED TO THE NORTH/NORTHEASTERN STATES. CURRENTLY, CDI HAS 140 SCHOOLS OPERATING IN 40 FAVELAS IN 14 BRAZILIAN STATES, INCLUDING THE FEDERAL DISTRICT. THESE SCHOOLS TEACH APPROXIMATELY 40,000 STUDENTS WITH THE HELP OF 850 DONATED COMPUTERS.

THE ROAD TO INTERNATIONAL RECOGNITION

7. BAGIO AND HIS PROJECT HAVE GAINED INTERNATIONAL RECOGNITION. IN 1999, BAGIO WAS INVITED TO PARTICIPATE IN A FORUM SPONSORED BY THE INTER-AMERICAN DEVELOPMENT BANK, THE UNITED NATIONS, UNESCO, AND SEVEN OTHER INTERNATIONAL ORGANIZATIONS ALONG WITH 49 OTHER LEADERS FROM 45 COUNTRIES. AN ARTICLE IN TIME MAGAZINE CALLED THE 50 LEADERS TRENDSETTERS WHO WOULD MAKE A DIFFERENCE IN THE THIRD MILLENNIUM. BAGIO WAS ALSO PLEASANTLY SURPRISED WHEN BILL GATES WANTED TO MEET WITH HIM TO LEARN MORE ABOUT THE CDI PROJECT. GATES ANNOUNCED A DONATION OF USD 4.5 MILLION IN COMPUTER SOFTWARE AFTER MEETING WITH BAGIO. CDI'S SUCCESS HAS PROMPTED BAGIO TO CONSIDER EXPANDING CDI TO OTHER COUNTRIES.

COMMENT - BRIDGING THE DIGITAL DIVIDE

8. NO ORGANIZATION CAN SINGLE-HANDEDLY PROVIDE BRAZIL'S POOR ACCESS TO COMPUTER TECHNOLOGY, NOR CAN IT OVERCOME THE SOCIOECONOMIC INEQUALITIES THAT PUT COMPUTERS AND INTERNET ACCESS FAR OUT OF THE PRICE RANGE OF THE MAJORITY OF BRAZIL'S POPULATION (REF A). HOWEVER, IT IS HEARTENING TO NOTE THAT SIMPLE INITIATIVES LIKE BAGIO'S CAN FLOURISH QUICKLY AND SERVE AS AN EXAMPLE TO OTHER ORGANIZATIONS AS BRAZIL CONFRONTS ITS PROBLEMATIC EDUCATIONAL SYSTEM AND AN EVER INCREASING DIGITAL DIVIDE.
MARTINEZ

TOR: 08/29/00 08:38:15

DIST: SIT: BABBITT BANBURY BARTSCH BLACK NSC CARTERET CHEN CLARKER CRESSEY
CULLOM FELDMAN HAMMER HANLEY HOLLIS HUNKER KNEPPER KURTZ MCCARTHY MCLEAN
MERLETTI MONTGOMERY NAPLAN ORFINI PATTEN SCHWARTZ SMITHP VALENZUELA
WALLACE WILCOX

Cable

PREC: IMMEDIATE
CLASS: UNCLASSIFIED
LINE1: OAAUZYUW RUEHUJA1431 2661539-UUUU--RHEHAAX.
LINE2: ZNR UUUUU ZZH
LINE3: O 221539Z SEP 00
LINE4: FM AMEMBASSY ABUJA
OSRI: RUEHUJA
DTG:
ORIG: AMEMBASSY ABUJA
TO: RUEHC/SECSTATE WASHDC IMMEDIATE 1515
INFO: RUEHOS/AMCONSUL LAGOS 2819
SUBJ: GPRA REPORT ON THE SEPTEMBER 21 DIGITAL DIVIDE
AFNET DIALOGUE AND CONFERENCE
TEXT: UNCLAS ABUJA 001431

STATE FOR PA/PI/OBS/P LYLE, MARKEN, RILEY AND RICHARDS;
AF/PD SANDERS AND SKOP; AF/W MARTSCHENKO AND MCCOLLUM,
ECA/PE/F/E CONNOLLY; AND IIP/G/AF AL HEAD
LAGOS FOR PAS LAUTERBACH AND LIENBY; AND USAID HOBGOOD,
AULA AND HART
STATE PASS TO AID, AID FOR LANE SMITH

E.O. 12958:N/A
TAGS: KPAO, KDEM, OPRC, OBSP, BBG, NI
SUBJECT: GPRA REPORT ON THE SEPTEMBER 21 DIGITAL DIVIDE
AFNET DIALOGUE AND CONFERENCE

REF: A. STATE 7717, B. SMITH/ROBERTSON TELCON OF 9/20;
SMITH/ROBERTSON E-MAIL OF 9/14

1. SUMMARY: SUBJECT INTERACTIVE GAVE AN ENERGETIC START TO THE MISSION'S FOUR-HOUR PROGRAM ON "US-NIGERIAN EFFORTS TO BRIDGE THE DIGITAL DIVIDE." THE AUDIENCE, 55 ACADEMICS, GOVERNMENT OFFICIALS, REPORTERS, AND INFORMATION TECHNOLOGY PROFESSIONALS, WAS IMPRESSED BY CLIVE SMITH'S "NEWDEAL" CONCEPT AND ITS POTENTIAL FOR MASSIVELY INCREASING THE DISSEMINATION OF COMPUTERS IN NIGERIA. THERE WAS DISAPPOINTMENT THAT "GREEN COMPUTERS," NO MATTER HOW CHEAP, WILL NOT SOLVE NIGERIA'S PROBLEMS WITH TELECOMMUNICATIONS AND UNRELIABLE POWER SUPPLIES. THESE AND OTHER ISSUES WERE ADDRESSED IN SUBSEQUENT PRESENTATIONS.

-- U.S. EMBASSY CHARGE NANCY SERPA OUTLINED EMBASSY SUPPORT FOR DIGITAL DIVIDE PROGRAMS.

-- USAID'S DIRECTOR OF THE LEYLAND INITIATIVE LANE SMITH DESCRIBED THE ONGOING PROCESS OF CONSULTATION BETWEEN THE US FEDERAL COMMUNICATIONS COMMISSION, USAID AND THE NIGERIAN COMMUNICATIONS COMMISSION (NCC).

-- NCC COMMISSIONER SHOLA TAYLOR DESCRIBED THE PROGRESS THAT HIS ORGANIZATION HAD MADE INCLUDING THE SEPTEMBER 20 ANNOUNCEMENT OF A NATIONAL TELECOMMUNICATIONS POLICY. (NOTE: THE NCC, WHILE FOUNDED IN 1992, HAD ONLY IN RECENT MONTHS BEGUN TO FUNCTION AS AN INDEPENDENT REGULATORY BODY AFTER MANY YEARS OF BEING A RUBBER STAMP FOR THE COMMUNICATIONS MINISTER AND MILITARY RULERS.)

-- PROFESSOR USMAN BUGAJE, SPECIAL ADVISOR TO VICE PRESIDENT ATIKU, CALLED FOR PATIENCE. HE CLAIMED THAT THE BUREAUCRACY IN GOVERNMENT RESISTS ALL CHANGE, AND THAT PEOPLE SUCH AS THOSE IN THE AUDIENCE NEEDED TO LOBBY HARDER FOR THE CHANGES THAT ARE NEEDED.

-- NDUKA IRABOR, CHAIRMAN OF THE HOUSE OF REPRESENTATIVES COMMITTEE ON COMMUNICATIONS, PRAISED THE GOVERNMENT FOR ITS NEW POLICY, BUT STERNLY CRITICIZED THE EXECUTIVE BRANCH FOR A LACK OF CONSULTATION AND FOR IGNORING THE NATIONAL ASSEMBLY'S INPUT.

-- DR. AMINU IBRAHIM, DIRECTOR OF THE NATIONWIDE UNIVERSITY E-MAIL NETWORK CALLED "NUNET," PROPOSED A SATELLITE RECEIVER NETWORK TO BRING INTERNET AND TELEPHONY TO FEDERAL UNIVERSITIES AND THEIR SURROUNDING AREAS. UNIVERISTY OF IOWA NETWORKING SPECILIST AND 1998-99 FULBRIGHTER CLIFF MISSEN PARTICIPATED THROUGH TELECONFERENCING.

-- NYANNKO OSSO, SPECIAL ADVISOR TO THE PRESIDENT ON INFORMATION AND DOCUMENTATION, AND FELICIA OGUNDUPE, CHIEF LIBRARIAN OF THE SUPREME COURT, DESCRIBED THEIR RECENT EXPERIENCES IN THE U.S. AS VOLUNTARY VISITORS. THEY GAVE CONCRETE EXAMPLES OF THINGS THAT SHOULD BE DONE IN NIGERIA TO CREATE THE FREE FLOW OF INFORMATION NECESSARY FOR DEMOCRATIC GOVERNMENT.

CONFERENCE TIMING WAS PARTICULARLY GOOD. THE PROGRAM TOOK PLACE THE DAY AFTER A THREE-DAY "AFRINET" MEETING ON TELECOMMUNICATIONS FOR ECOWAS TELECOM OFFICIALS AND DURING TECHNICAL MEETINGS BETWEEN THE NCC, FCC AND USAID. A NUMBER OF PARTICIPANTS SINGLED OUT U.S. EMBASSY PUBLIC AFFAIRS AS AN IMPORTANT CATALYST IN GARNERING SUPPORT FOR THE REFORM OF TELECOMMUNICATIONS. END SUMMARY.

2. DATE: SEPTEMBER 21, 2000; 1200-1300UTC (0800-0900 EDT)
FISCAL YEAR: FY-2000
QUARTER: FOURTH

3. DESCRIPTION OF ACTIVITY: A STATE DEPARTMENT INTERACTIVE DIALOGUE FOLLOWED BY A SERIES OF PANEL DISCUSSIONS ON THE GLOBAL DIGITAL DIVIDE AND HOW THE U.S. AND NIGERIAN GOVERNMENT AND OTHER STAKEHOLDERS CAN IMPROVE THE SITUATION IN NIGERIA. THE INTERACTIVE INTRODUCED THE CONCEPT OF "GREEN COMPUTERS" AND FEATURED CLIVE SMITH, CEO OF "NEWDEAL," A COMPANY WORKING TO BRING AFFORDABLE COMPUTING SYSTEMS BO DEVELOPING COUNTRIES. THE PANEL DISCUSSIONS WERE A CONTINUATION OF PROGRAMS ORIGINATED BY PAS ABUJA TO HELP COORDINATE EFFORTS TO BRING INTERNET AND MODERN INFORMATION

TECHNOLOGY TO NIGERIAN UNIVERSITIES AND GOVERNMENT.

4. JUSTIFICATION AND OBJECTIVE: YEARS OF MILITARY RULE IN NIGERIA HAVE HINDERED THE DEVELOPMENT OF MODERN TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY. NIGERIA IS IN MANY WAYS AMONG THE LEAST DEVELOPED COUNTRIES IN TELECOMMUNICATIONS, EVEN WHEN COMPARED TO ITS POORER NEIGHBORS IN WESTERN AFRICA. STARTING WITH FULBRIGHTER CLIFF MISSEN IN 1998, PAS ABUJA HAS WORKED CONTINUOUSLY ON IMPROVING THE I.T. ENVIRONMENT FOR UNIVERSITIES AND GOVERNMENT INCLUDING SPECIAL PROJECTS WITH THE SUPREME COURT, NATIONAL ASSEMBLY AND PRESIDENCY. THIS CONFERENCE WAS A CONTINUATION OF EARLIER NETWORKING DINNERS AND SESSIONS HOSTED BY THE ABUJA PAO.

5. MPP UMBRELLA THEMES AND AUDIENCE REACHED: NI-07 (SUPPORT NIGERIA'S TRANSITION TO DEMOCRACY) AND NI-10 (PROMOTE PUBLIC DIPLOMACY IN NIGERIA). APPROXIMATELY FIFTY-FIVE ACADEMICS, GOVERNMENT OFFICIALS, REPORTERS, AND INFORMATION TECHNOLOGY PROFESSIONALS ATTENDED THE PROGRAM.

6. IMMEDIATE RESULT/IMPACT: EXCELLENT. SMITH'S DYNAMIC VISION OF GROWTH IN COMPUTING IN NIGERIA INSPIRED MANY IN THE AUDIENCE. MR. WESTLAKE AND MR. ANYIM-OSWIGE OF "NEWDEAL" NIGERIA SPOKE WITH CHAIRMAN NDUKA IRABOR AFTER THE PROGRAM ABOUT TRAINING AND OTHER PROJECTS TO INCREASE INFORMATION TECHNOLOGY, SO THERE WAS AN IMMEDIATE IMPACT IN THAT AREA. BECAUSE OF THE CONSTANT FRUSTRATIONS WITH NITEL, THE NCC AND OTHER GOVERNMENT I.T. PROJECTS, THE AUDIENCE WAS GUARDEDLY OPTIMISTIC ABOUT THE FUTURE. SEVERAL SAID, HOWEVER, THAT U.S. INVOLVEMENT IN THESE REFORMS WAS THE BEST INDICATOR THAT THIS TIME MIGHT BE DIFFERENT.

8. NON-USG FUNDING SOURCES OR IN-KIND SUPPORT: N/A

9. QUALITY OF U.S. SUPPORT: EXCELLENT. POST GREATLY APPRECIATES THE PERSONAL COMMITMENT BY AF/PD DIRECTOR SANDERS TO MAKE THIS AN IMPORTANT AREA OF PROGRAMMING. ASSISTANCE FROM USAID WAS ALSO CRUCIAL TO THE PROJECT AND WILL BE INCREASINGLY IMPORTANT IF I.T. REFORM IS TO BECOME A REALITY.
SERPA

TOR: 09/22/00 15:30:09

DIST: SIT: BABBITT BYRNE NSC HARRISG SMITH