

DIGITAL ECONOMY REPORT 2021

Cross-border Data Flows and Development

For Whom the Data Flow

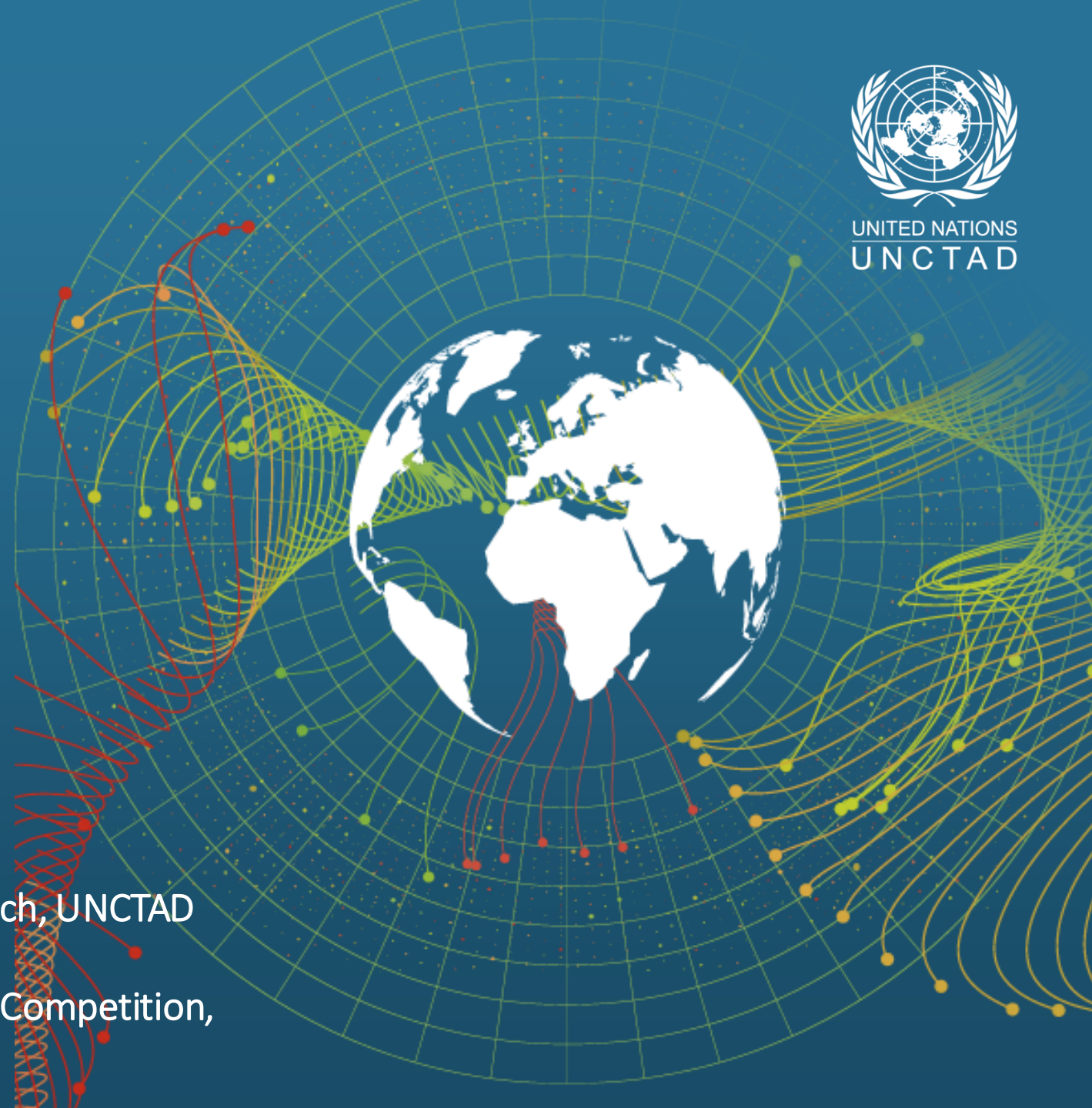
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Making Digital Markets Work for Consumers: Competition,
Consumer Protection and Data



Data increasingly important economic and strategic resource



“Data have become a key strategic asset for the creation of both private and social value. How these data are handled will greatly affect our ability to achieve the Sustainable Development Goals.”

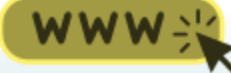
António Guterres,
Secretary-General, United
Nations

Data-driven digital economy is rapidly evolving amidst huge divides in digital readiness

Global Internet Protocol traffic in **2022**



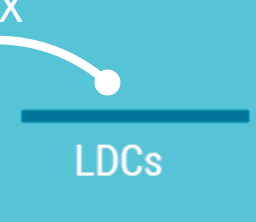
Internet traffic up to **2016**



Average internet speed



8x



Developed economies

LDCs



Use of Internet



90%

Developed economies



20%

LDCs

International bandwidth is geographically concentrated along **two main routes**



Two frontrunners in terms of harnessing data: the United States and China



50%
of the world's
hyperscale
data centres



highest rates
of **5G**
adoption in
the world



94%
of all funding
of AI
start-ups



90%
of the market
capitalization
of the world's largest
digital platforms

The **largest digital platforms** increasingly control all stages of the global data value chain



With the pandemic their dominant positions have strengthened.

Collection



Transmission



Storage



Processing

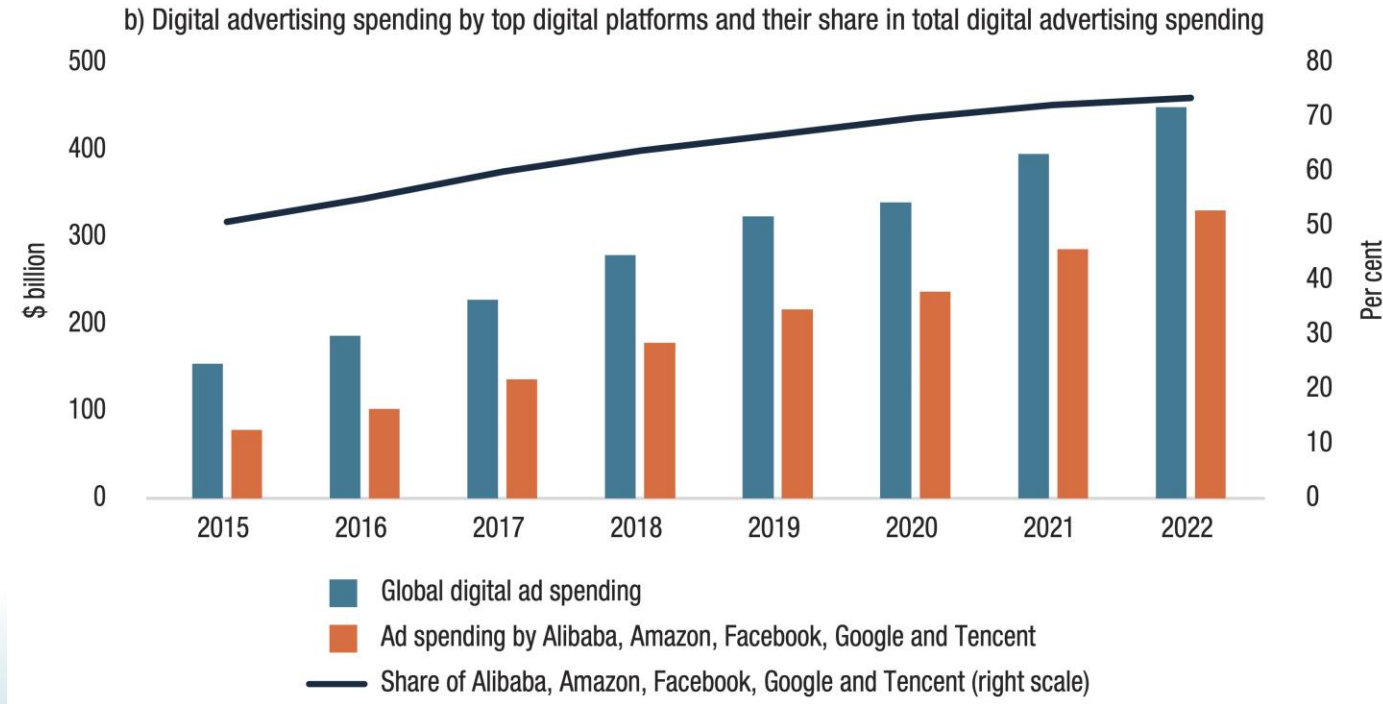


Use



Growing power of digital platforms has **global implications**

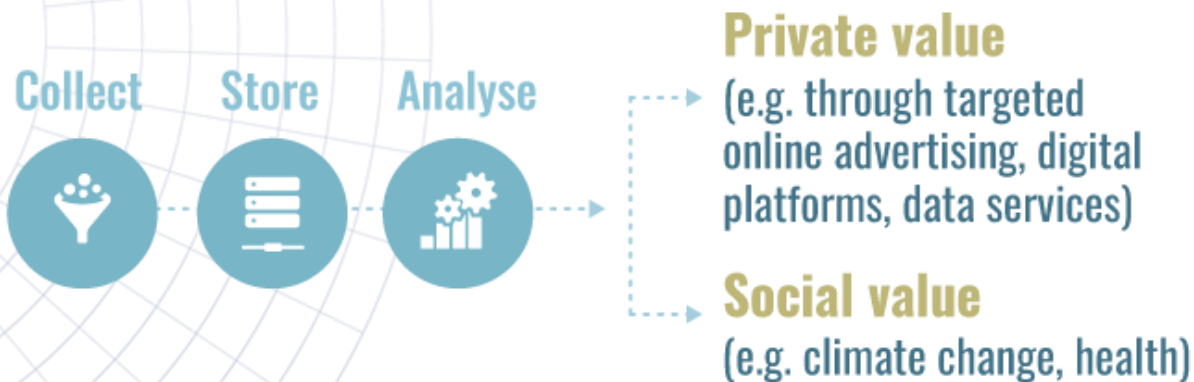
- Control of global data value chains
- Market concentration
- Disruption of traditional sectors, such as:
 - Retail
 - Banking
 - Telecommunications
 - Advertising



Understanding data and their implications for development

Data are **MULTIDIMENSIONAL**

Economic dimension



Non-economic dimension



ISSUES at stake

- Data are **different from goods and services**
- Implications of **cross-border data flows** vary by the data type
- Where to **locate data** depends on various factors
- Data access and use are key for development
- Rather than **data ownership**, what matters are **rights to access, control and use data**
- **Different levels of readiness** in terms of capacity to harness data for development
- **A few global digital corporations** have privileged access to the data and **unique capabilities to turn the data into digital intelligence**

Public policies concerning data and data flows increasingly needed



Public policies are needed

Maximize the gain from the data economy, while **minimizing the risks** involved

Ensure an **equitable distribution** of benefits

Complex policy trade-offs need to be considered

Oversimplifications by calling for free data flows or for strict data localization are unlikely to be useful. **Middle-ground solutions** are needed.

Global data governance needs to take a holistic, multidimensional, whole of government and multi-stakeholder approach.

Fragmentation will hamper development gains from data



A silo-oriented, data-driven digital economy would go against the original spirit of the Internet and is not likely to work for the interest of developing countries.

In economic terms, **interoperability** should generate better outcomes.

Fragmentation would hamper technological progress, reduce competition, enable oligopolistic market structures in different areas and allow for more government influence.

Fragmentation would also mean more obstacles for **collaboration across jurisdictions.**

In the absence of an **international system regulating data flows**, some countries may see no other option than to restrict them with a view to meeting certain policy objectives.

Implications for competition policy and consumer protection

- Competition policies for the digital era
 - Ensure markets remain competitive and contestable
 - Definition of relevant markets
 - Merger reviews
 - Role of regulation of utility-like digital services
- Consumer protection in the digital era
 - Consumer protection online
 - Data protection and privacy
 - Surveillance issues



A balanced global approach to data governance needs to work for the people and the planet

To prevent inequalities from being amplified

To enable global data-sharing and develop global digital public goods

To avoid further fragmentation in the digital space

To increase trust in the digital economy and reduce uncertainty

To address policy challenges emerging from the dominant positions of global digital platforms

To account for spillovers of national policies into other countries

With a view to enabling data to flow across borders as freely, as necessary and possible, while addressing various development objectives

Key data-related policy areas

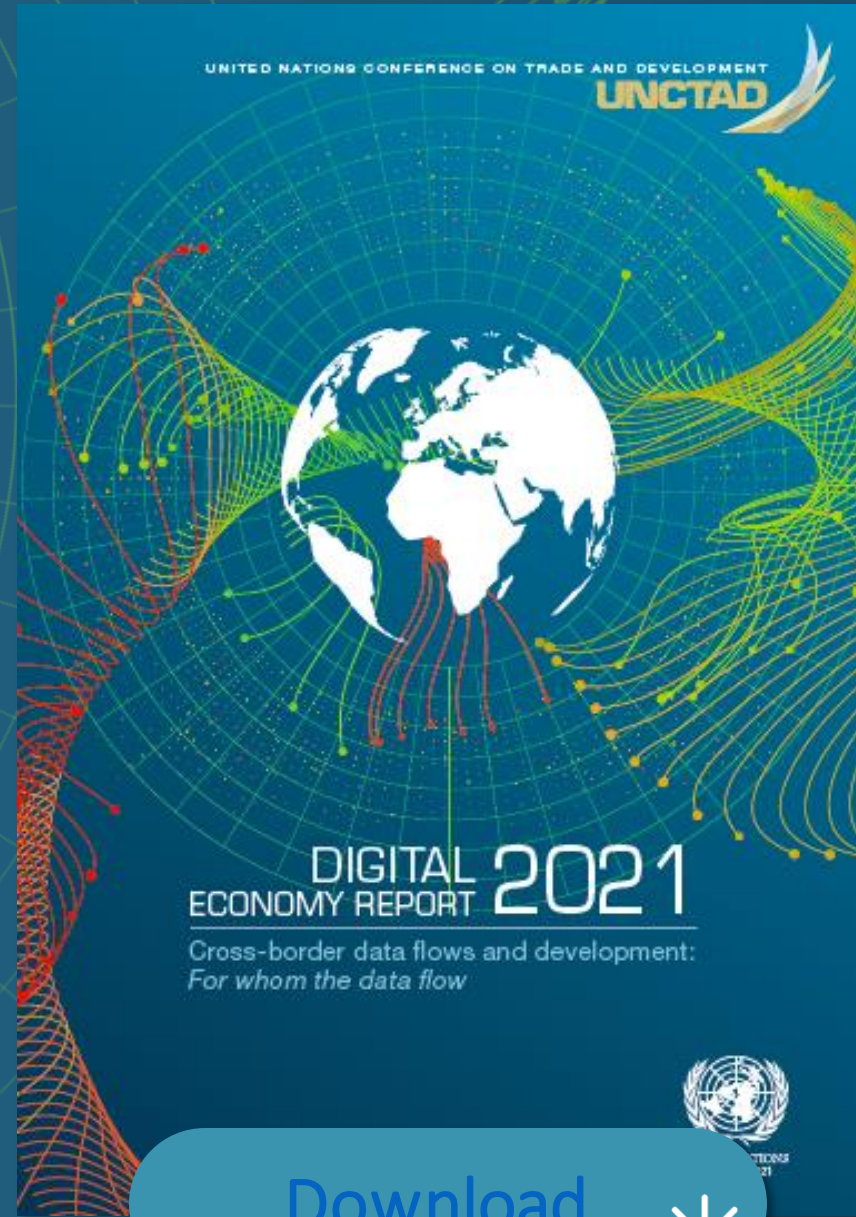
- ✓ Agree on **definitions** and taxonomies
- ✓ Establish terms of **access to data**
- ✓ Strengthen **measurement**
- ✓ Deal with **data as global public good**
- ✓ Explore emerging forms of **data governance**
- ✓ Agree on **rights and principles**
- ✓ Develop **standards**
- ✓ Increase **international cooperation on platform governance**

THANK YOU!

Download the full
report for free here

Link:

<https://unctad.org/webflyer/digital-economy-report-2021>



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