Intergovernmental Group of Experts on E-commerce and the Digital Economy

Session 3: National and international policies and support measures to address challenges of the developing countries in the digital economy

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DIGITAL TRANSFORMATIONS CHALLENGES IN LATIN AMERICA AND THE CARIBBEAN
DESPITE THE ADVANCES, THERE ARE STILL CHALLENGES IN TERMS OF CONNECTIVITY

Fixed broadband subscriptions as a percentage of households

<table>
<thead>
<tr>
<th>Region</th>
<th>2021</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>101%</td>
<td>72%</td>
</tr>
<tr>
<td>Europe</td>
<td>91%</td>
<td>59%</td>
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<tr>
<td>Asia and Pacific</td>
<td>71%</td>
<td>23%</td>
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<tr>
<td>CEI</td>
<td>68%</td>
<td>27%</td>
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<tr>
<td>Latin America and the Caribbean</td>
<td>62%</td>
<td>25%</td>
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<tr>
<td>Arab States</td>
<td>53%</td>
<td>11%</td>
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<tr>
<td>Africa</td>
<td>3%</td>
<td>1%</td>
</tr>
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</table>

Source: ECLAC, based on ITU World Telecommunications Database

Mobile broadband subscriptions as a percentage of population

<table>
<thead>
<tr>
<th>Region</th>
<th>2021</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>157%</td>
<td>57%</td>
</tr>
<tr>
<td>Europe</td>
<td>105%</td>
<td>29%</td>
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<tr>
<td>CEI</td>
<td>94%</td>
<td>26%</td>
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<tr>
<td>Asia and Pacific</td>
<td>87%</td>
<td>7%</td>
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<tr>
<td>Latin America and the Caribbean</td>
<td>78%</td>
<td>7%</td>
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<tr>
<td>Arab States</td>
<td>67%</td>
<td>8%</td>
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<tr>
<td>África</td>
<td>41%</td>
<td>2%</td>
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</tbody>
</table>

Source: ECLAC, based on ITU World Telecommunications Database
LACK OF DIGITAL SKILLS FOR THE DIGITAL WORLD

Basic digital skills
(% of population)
Send and receive emails with attachments

Medium level digital skills
(% of population)
Search, download, and configure apps and software

Source: ITU-based ECLAC
THE GAP BETWEEN OECD AND LAC IN THE DIGITAL ECONOMY HAS GROWN BETWEEN 2010 AND 2021

The most pronounced differences are in the components of development of digital industries (local websites, export of ICT goods and services) and weight of digital industries (Per capita expenditure on telecommunications, media and entertainment).

Source: R. Katz (2022), Measuring the Digital Ecosystem and Economy of Latin America
AT THE SECTOR LEVEL, THERE ARE ALSO GAPS IN DIGITIZATION BETWEEN LAC AND MORE ADVANCED COUNTRIES

Percentage of direct intermediate digital inputs by economic sector in Latin America versus advanced countries
(In percentages)

- Agriculture, mining, and manufacturing, three priority sectors in terms of contribution to Latin American gross product, have a lower level of direct digitalization.

Source: ECLAC (2022) based in Katz
Note: Latin America includes Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru. Advanced countries include the United States, Germany, the United Kingdom, Japan, France, Australia and South Korea.
POLICY, REGULATORY AND INSTITUTIONAL CHALLENGES
DIGITAL TECHNOLOGIES CONDITIONS THE FRAGMENTATION OF PUBLIC POLICY

National Digital Policy (PND, DNA, ADS, ADL)

Telecommunications regulator
- Telecommunications and Internet Licenses
- Spectrum allocation and use
- Network coverage, infrastructure sharing, quality of service
- Wholesale prices
- FSU and use of back nets
- Open and interoperable standards, technology neutrality
- Net neutrality, zero rating

Data protection
- Strengthen privacy and security policies
- AI, encryption and anonymization rules
- Encrypted private networks
- Application and security monitoring

Cybersecurity
- Facilitation of deployment/sharing and control of infrastructure
- Concentration control
- Abuse of dominant position
- Restrictive agreements
- Merge control

Antitrust
- Penalties and fines
- Quality of service, experience
- Use and fair trade
- B2B and B2C Claims, Dispute Resolution
- Consumer education

Consumer protection
- Facilitation of datacenters, permissions
- Tax exemptions
- Access to open data
- Single window
- Reduction of bureaucracy
- Government Innovation
- Funds for R&D, AI promotion, training

Investment
- Entrepreneurship
- Tax incentives, subsidies, innovation funds
- Air or drone traffic control, licensing
- Job training programs, curriculum coordination, capacity building of officials
- Incentives to create SMEs, access to venture capital
- Promotion of electronic commerce and payments
- Cloud services, patient records
- Using big data for health

Agriculture
- Health
- Education
- Finance
- Industry
- Energy

Local government
- Access-arrival to dorsal nets
- Use/sharing of local infrastructure, pipelines, and access to public infrastructure
- Positive silence policies, special regime for small cells, transparency, permission for E2E fiber
- Investment in sensors/meters, adoption of open, scalable solutions
- Incentives for local SMEs/OTTs
- Training
- Promotion of local content

Source: ECLAC (2020), based on S. Cabello
<table>
<thead>
<tr>
<th>SCOPE</th>
<th>REGULATORY CHALLENGES</th>
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<tbody>
<tr>
<td><strong>MARKET ACCESS</strong></td>
<td>Challenging the market or creating the market? (market competition and market differentiation)</td>
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<tr>
<td>Protect the rights of workers, consumers, Authors</td>
<td>Ensure the sustainability of protection systems or respond to new opportunities and demands?</td>
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<tr>
<td><strong>COMPETITION</strong></td>
<td>What instruments should be applied? What is the competitive pressure of these markets? What markets should be regulated? Definition of markets?</td>
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<tr>
<td>Data access and protection</td>
<td>What rules should apply to data access, portability and ownership? Is the policy on access and data portability a competition policy?</td>
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<tr>
<td><strong>TAXATION</strong></td>
<td>How should the consumption of digital goods be taxed? Should digital platform providers pay taxes in the country where they are located or where the revenue is generated?</td>
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</tbody>
</table>

Fuente: elaboración propia
THERE IS AN IMPORTANT DIFFUSION OF NATIONAL DIGITAL AGENDAS

Source: ITU (2022), Data Hub, Digital strategies, and broadband plans

Source: ECLAC, survey carried out between June and August 2022 to representatives of governments and agencies in charge of digital policy
## REINFORCE THE ORIENTATION OF DIGITAL POLICIES TOWARDS EMERGING AND PRODUCTIVE ISSUES

### Digital policy intensity map

<table>
<thead>
<tr>
<th>Areas of intervention (average)</th>
<th>Argentina</th>
<th>Brasil</th>
<th>Mexico</th>
<th>Chile</th>
<th>Colombia</th>
<th>Peru</th>
<th>Costa Rica</th>
<th>Ecuador</th>
<th>Uruguay</th>
<th>Jamaica</th>
<th>Trinidad y Tobago</th>
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<td>Digital infrastructure</td>
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<td>Productive digital transformation</td>
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### Institutional factors (average)

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<thead>
<tr>
<th>Institutional factors (average)</th>
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<th>Trinidad y Tobago</th>
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<tr>
<td>Promotion of gender equity</td>
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<td>Budget</td>
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<td>Evaluation mechanisms</td>
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### Areas of Intervention
- Digital infrastructure
- Digital Government
- Internet Governance
- Emerging technologies
- Productive digital transformation
- Digital Health
- Digital education

### Institutional Factors
- Promotion of gender equity
- Budget
- Evaluation mechanisms
- Coordination

### Themes
- Promotion of digital innovation
- Digitization of SMEs
- Industry 4.0
- Digital skills
- Electronic commerce
- Explicit budgeting
- Definition of indicators and evaluation mechanism
In the last ministerial conference, the Digital Agenda for LAC towards 2024 was approved. The agenda brings together a set of 31 digital policy objectives. The Montevideo Declaration "Building together in the digital age" was also approved.

The conference was attended by 13 Member states from LAC countries and 30 organizations from the private sector.
Agenda Digital eLAC2024
31 objectives in 4 strategic pillars

A. THE FOUNDATION FOR A DIGITAL AGE FOR ALL
   - Universal and meaningful infrastructure and connectivity
   - Digital skills
   - Governance, security and enabling environment

B. PRODUCTIVE AND SUSTAINABLE DIGITAL TRANSFORMATION
   - Digital economy, entrepreneurship and innovation
   - Digitalization for sustainability

C. DIGITAL TRANSFORMATION FOR WELL-BEING
   - Digital inclusion for equal opportunities
   - Public innovation and digital transformation of the State

D. NEW DIGITAL PARTNERSHIPS FOR PROSPERITY
   - Regional cooperation and digital integration