Digital Economy, Keys for Development in the Digital Environment.
Buenos Aires, Argentina

Moderator:

- Lucas Gallitto (GSMA)

Panelists:
- Pablo Bello (ASIET)
- Adela Goberna (ALAI)
- Fernando Rojas (CEPAL)
- Carolina Mendoza (IPANDETEC)

Opening remarks

- Lucas Gallito

The moderator began with a brief presentation on how the GSMA sees this new digital environment, how paradigms are shifting, and how there are multiple actors involved in the digital economy. He noted that users can access content in different ways (DTH, WIFI, 4G, among others), adding that in some countries in the region these different forms of access are governed by different regulatory frameworks, such as a regulatory framework for terrestrial networks, one for traditional television services, and so on. In this sense, he noted that this stifles innovation and the development of new services.

He continued his presentation by commenting on the results of a study conducted by the GSMA titled "Connecting the Unconnected," stressing that 10% of Latin Americans do not have mobile broadband coverage, which proves the existence of a supply gap. In this sense, the moderator noted that 77% of those that do have coverage do not use the Internet. Based on different studies, the moderator remarked that they have come to the conclusion that there are two fundamental reasons for this: on the one hand, the lack of digital literacy and, on the other, the lack of relevant local content.

He resumed his presentation saying that it is necessary to address public policies that accompany the expansion of the ecosystem, because – in his understanding – today there is a new paradigm in the sector and for the future of telecommunications. This new paradigm involves infrastructure deployment, with an important component for fifth generation technology, which requires new antennas, infrastructure, digital skills, incentives to encourage investments, fiscal spectrum policies, and the digitalization of the production chain. Multistakeholder cooperation is essential for achieving these objectives within this new paradigm.

Panelists:

- Pablo Bello

Initial question:

How can investments in infrastructure and the deployment of new generation mobile networks be promoted (especially now that the world and the region are talking about preparing for 5G)? What is required and what should these networks look like to meet growing user demands and needs in this context of digitalization of the economy?

The panelist began by saying that without networks there is no Internet, and without the Internet there is no digital society or economy. He then observed that we need to recognize ourselves as privileged, because we are connected and this makes us part of the 50% of Latin Americans who access and use the Internet on a daily basis, while there is another 50% that do not, and that this heterogeneity is a key issue that we should be able to address. He also stressed that this component has to do with the investment challenge, as the number one focus of public policy should be to close the digital divide. He then mentioned that in recent years Latin America has made great strides in its telecommunications and connectivity indicators, as we now have greater speeds and prices have been falling in real terms, among other aspects. In this sense, public policy and the role of industry have contributed substantially towards closing the gap, but there are still challenges ahead. In order to address these challenges, the panelist noted that an environment should be created to favor investments and generate greater trust. In addition, we must also rethink radio spectrum policies, focusing on the deployment of networks rather than on tax collection. On the latter issue, the panelist mentioned that all the actors of the economy should contribute to state finances. However, the panelist observed that the telecommunications industry has 51% more fiscal burden than other actors that are part of the economy. To conclude, the panelist invited everyone to think about these issues when defining our shared priorities, which necessarily involve closing the digital divide in the next 10 years and having a world class infrastructure, as this is a prerequisite for economic growth.

Second question:

Taking into account the comments of Fernando Rojas of CEPAL, how does the digitalization of productive processes impact employment, competitiveness and productivity? How do you see Latin America preparing for this?

The panelist pointed out that Latin America is the region where productivity has grown the least in the past 20 years, which is tremendously negative considering the importance of economic growth in generating wealth, employment, education, progress and general well-being, in increasing the middle classes, and in allowing large parts of the population to rise out of poverty. He also stressed that the economic growth of Latin America in recent years, which has allowed significant social transformations, is the result of the incorporation of young people and women into the workforce, of major fixed capital investments, and of the very high price of commodities. He then noted that the conditions that were repeated in the past will not be repeated in the future. The panelist referred to a study by McKinsey, which concluded that, if the productivity issue is not solved, the region's economic growth over the next 15 years will be 40% lower than over the previous 15 years.

In this context, the panelist understands that digitalization is required: closing the connectivity gap, having global infrastructure and, above all, making an intelligent use of this connectivity and infrastructure, fully inserting technology into the production processes. For

this reason, he understands that this applies to the traditional economy more than to the "new economy": how to integrate the IoT in traditional production processes, how to make these processes more efficient and reach more distant markets.

He also pointed out that ASIET considers that digitizalition is the most important public policy for the future. The importance of this topic must be brought to the discussion table. The topic requires a multistakeholder approach, as ambitious agendas are needed that involve society as a whole. It is not only a matter of governments and companies.

Finally, the panelist noted that it is very important to highlight and place strategic value on the fact that our future economic growth is at stake and that this requires specific agendas to improve the quality of life of the Latin American people. He also noted that we still have time, but it is running out. It is exactly the right time for Latin America to take advantage of this window of opportunity to join the digital revolution. Our natural course is underdevelopment. Breaking this inertia requires much dialogue and the construction of ambitious agendas, for which multiple actors are required.

The agendas must have leadership and coherence. ELAC plays a fundamental role in this leadership.

We need to create economies of scale through economic integration. Five hundred million Latin Americans represent a huge opportunity... let's create integration and protection.

Third question:
What is the greatest challenge for the creation of regulations that allow regulation and investment?

The panelist warned about the change in the paradigm for the provision of Internet connectivity and services. Convergence has broken down the service network logic and rendered the regulatory framework useless. We must rethink regulations: a market is not defined by the technological nature of the service but by the users' needs. Horizontal principles that protect the user and the competition and that are sufficiently flexible.

- Adela Goberna

Initial question:
In your opinion how is the "datification" of the economy changing and influencing the digital economy in Latin America? What is the role and the greatest contribution of the platforms to the advancement and strengthening of the digital economy and the digitalization of production processes?

The panelist began her presentation by mentioning that the data economy is a reality that is happening in our region. She then mentioned that Latin America has an excellent opportunity to make use of these new technologies and their potential to contribute to the development of specific sectors of the economy. She went on to say that the use of data allows us to generate better services, which in turn allows the generation of scalable solutions or even identifying niches that were already being served, thus creating new business opportunities. She explained that this type of public policy should be viewed from

the perspective of SMEs, given the key role they play in the economic workings of Latin American countries. In this context, she added that perhaps public policies should be geared towards providing solutions that allow the development of such SMEs. As an example, and in line with the topic of data, the panelist mentioned that generating policies that allow cross-border data flows and, in turn, limit the requirements of forced location might contribute to the internationalization of data driven businesses, allowing their development.

She concluded by noting that we should think about how to generate proper incentives that will truly create an enabling environment for the deployment of technological solutions in Latin America.

Second question:
Continuing with the topic addressed by the previous panelist, and considering the growth of platforms, what impact can regulation and public policy have on their business model? How can we find a balance between innovation and the protection of rights?

The panelist replied that regulation is key for balancing these two issues. In her opinion, clear rules are needed that create legal security for both platforms and users. In this sense, she mentioned the example of clear rules regarding the scope of intermediary liability that will allow the development of self-regulations and other issues that will allow the development of an environment of trust that enables more users to make use of these digital tools. She is also of the opinion that different regulatory solutions exist, that the answer involves more than just one piece of legislation. For example, there are international frameworks based on flexible principles that at the same time generate a reliable and secure framework for more users to join in the use of technologies and have a better online experience.

Third question:
Should public policy makers have special considerations for how algorithms are handled?

The panelist replied that we are currently observing the potential of AI, ML and blockchain. We must advance towards regulations based on principles so that these can be developed. There is no need to create *ex ante* barriers that hinder innovation.

- Fernando Rojas

Initial question:
In your opinion, how is the "datification" of the economy changing the value chains in the region? Following up on the previous questions, and considering the recent work in the Cartagena Ministerial Declaration (ELAC 2020) and the emphasis that the B20 Digital Economy Task Force (currently chaired by Argentina) is placing on the subject, what do you think are the connectivity needs for this growing datification of the economy, on the way towards a 4.0 industry?

The panelist began by mentioning that digitizing production is essential, as that is the area where new divides are being generated. Datification is modifying how things are done, the productive processes and the value chains. In this sense, two technological pillars such as Cloud services and the IoT require new capabilities in terms of networks, as they will

definitely increase the level of traffic. This shows that incorporating these technologies into production processes generates new demands in terms of network capacity and in terms of quality, as many applications and industries will require extremely low latency. The panelist also confirmed the importance of 5G in the Latin American context and stressed the importance of establishing conditions to accelerate this process. In this sense, he highlighted the importance of regional connectivity and the implementation of national and regional IXPs, mentioning that in Latin America, between 2015 and 2017, eighteen IXPs have started operating in the region, but that fifteen of these are installed in just two countries. The panelist noted that this is an element on which we must work in order to truly be able to create regional technological integration.

Second question:
Considering the April eLAC 2020 Agenda, how can a digital agenda contribute to harmonize regional regulations?

The panelist observed that the eLAC forum seeks to close the digital divide, and that this is reflected in the 2020 Agenda. That is why there are seven pillars and thirty goals. But this time, new topics have been incorporated, such as the Internet of Production. The process as such has incorporated a new tool: the activity plan. While previously the tool served as a reference, this new version includes a much more specific activity plan, associated with the thirty goals set out in the Agenda. In this sense, the goals highlight the topic of how an agenda can contribute to regulatory convergence.

For example, Goal 1 refers to accessibility in remote areas and so on. In this context, we are working on a model regulatory framework for the development and deployment of infrastructure, including community- and similar networks.

On the other hand, Goal 15 is aimed at the development of digital skills, which includes the initiative to create a repository to measure the development of these skills at a regional level. ECLAC has been following the issue of automation and its impact on employment and the development of digital skills: a study on the ten trades that employ the largest number of people conducted for five or six countries estimated that most of the activities within those trades can be automated. This means that digital skills are needed, because there will not necessarily be a loss of employment, but complementarity and programming.

Finally, in order to function, the Regional Digital Market requires regulatory harmonization. That is included in Goal 8, based on regulatory and infrastructure consistency. For this, a privacy and data protection regulatory framework repository will also be created.

The moderator mentioned that digitalization erases national borders and asked how this integration would work considering the peculiarities of Latin America, as opposed to more integrated regions, such as Europe. The MRD is mostly focused on e-commerce issues, and this undoubtedly requires greater network integration and efficiency at the regional level. The issue of the provision of physical goods in the context of e-commerce has also been incorporated.

Third question:
What aspects should be considered by public policy makers?

Human resources are key. Digital skills have been neglected, there are not many courses available and very few of these address technology design. Instead, they are limited to teaching how to use technology.

- Carolina Mendoza (IPANDETEC)

Initial question:
In your opinion, considering elements such as data protection and other issues, what should be the limits of Platform Responsibility?

The panelist began by stating that to talk about limits necessarily implies talking about subjective issues. In her opinion, the main challenge for public policy development is to recognize the capabilities of all the actors involved from the very design. If we take the time to recognize these capabilities and invite these actors from the design stage, the rest of the time could be used to ensure their proper implementation. She then noted that another challenge is to make these policies flexible enough so that they do not lose validity or urgency over time.

She concluded by saying that it is necessary to recognize the capabilities of civil society, so that they can be included as such in the conversations related to fundamental rights.

Second question:
The more all actors are connected, the more we become interdependent. How can multistakeholder participation lead to greater transparency and accountability, and what is the role of civil society in this?

The panelist understands that regional regulations, e.g. the Pacific Alliance, are important for reducing the digital divide and also for centralizing government efforts. For example, in Chile, Visatech favors the incorporation of the technical skills of foreigners in the country's digital economy. The success of the Pacific Alliance stands out against the rest of the region. She also understands that there is no need to encourage transparency, as this is a matter of choice and recognizing the capacities of the participatory axes themselves. All parties should be willing to contribute and create in order to reduce and not broaden the existing divides.

Third question:
What are the biggest challenges for civil society in identifying an agenda that advocates for the protection of user rights?

The panelist replied that the biggest challenge is for the rest of the stakeholders to adopt the civil society agenda. Clear rules to improve infrastructure and innovation. Let's improve multistakeholder dialogue roundtables, let the government invite us to their table and let us know that it is working for all citizens, improving their transparency.

QUESTIONS FROM THE AUDIENCE:

What is the role of inequalities in the region? How do we combine these inequalities with digital growth?

Reply by F. Rojas: 50% of the rural population is poor and connectivity solutions are not reaching these people. Specific policies are needed for this sector to put a stop to this inequality.

Samuel Chacón (Venezuela, CANTV):
Need to raise awareness among managers so they will understand the need to end the digital divide.

María Chirinos (Civil Society, Venezuela):
How do we incorporate the human rights perspective? Impact and social benefit models? Social return on investments?

Reply by A.Goberna: Need to create trust among users, public-private partnerships

Augusto Matudín (Agora Argentina, Civil Society):
What can all sectors do to generate new enterprises?

Reply by. A Goberna. Raise awareness, create alliances between countries, take steps towards the regionalization of business models by eliminating inefficiencies

Arturo Grigaño:
Who came first and why?

Kemly Camacho (Sula Batsú):
The digital economy is not related to the problems of all Latin Americans. What can we do to train human resources in SMEs?

Florencia (APC Rosario):
Little mention to the workers and their reconversion.

Sandra Benítez (Universidad de los Andes Venezuela, APC_:
What can be done with those countries that are in constant decline? What would you suggest?