What balance of rules and incentives for a Regional Digital Market for Latin America?

Innovación en un mundo digital
II Reunión de la Conferencia de ciencia, innovación y TIC de la CEPAL

Costa Rica, September 12, 2016
From the EU Digital Agenda (2010)...

- Commission ICT strategy for 2010-2020
- Problems identified:
  - Lack of investment in networks
  - Rising cybercrime & low trust
  - Fragmented digital markets
  - Lack of interoperability
  - Insufficient R&D
  - Lack of digital skills
  - Missed opportunities in addressing societal challenges
- 132 actions (not completed)
To the EU DSM strategy
A “vision” on digital markets until 2020

Vision
• Make the EU Single Market fit for the digital age

The opportunity
• Political & social:
  • Step forward towards the “EU Single Market”
• Economic:
  • + €415 billion EU GDP per year
  • New jobs for Europeans

How
• “tearing down legal and regulatory walls”
EU 2015 Digital Single Market Strategy

Structure

Access to online goods and services
- E-Commerce
- Parcel delivery
- Copyright
- VAT
- Geo-blocking
- Consumer protection

Right conditions for network and service expansion
- Telecoms regulation
- Audiovisual regulation
- Platforms / OTTs
- Privacy
- Security

Maximise growth potential of the EU economy
- Interoperability and standardisation
- Big Data, cloud
- Internet of Things
- e-Government
“Right conditions” for network and service expansion in the EU?

Address ‘remaining gaps’ to the Single Market

Telecoms Single Market (adopted)
- End of roaming charges (June 2017)
- Net neutrality (April 2016)

Telecoms regulation review (in progress)
- Harmonise radio spectrum
- Universal service
- Level playing field with OTTs
Latin America Connectivity
Huge gaps to be bridged, variation across countries

Share of fixed and mobile broadband, as a % of total accesses in selected LATAM countries (Cullen International based on ITU and regulators’ data)
Latin America Connectivity
Main obstacles identified

Policies and regulations:
- National regulatory frameworks are very diverse, and often outdated or ineffective
- Lack of common, strategic vision at regional level

Spectrum management:
- Low harmonisation, differentiated needs and investment capacities (small vs. very large countries)
- Insufficient cooperation on new services and applications

IP connectivity:
- The region lacks sufficient IXPs
- Unclear regulatory approaches on IP interconnection
- Low interaction between commercial and non-commercial stakeholders

International roaming:
- Prices remain high and double taxation is still an issue
- Regulation at regional level is difficult to implement
- Need to assess impact of regulation vs. recent industry-led initiatives
An regional digital market in LATAM?

Key questions

Opportunities?
- Economic growth
- Huge potential (600m people, common language, internet access increases)

Obstacles?
Way forward?
- Lack of common institutional framework with binding powers
- Political commitment
THANK YOU!

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Examples of some of the regional entities involved

<table>
<thead>
<tr>
<th>Initiative</th>
<th>ITU</th>
<th>OAS</th>
<th>CITEL</th>
<th>Regulatel</th>
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</thead>
<tbody>
<tr>
<td>Spectrum harmonization</td>
<td>●●●</td>
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<tr>
<td>Standardization, interoperability</td>
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<td>International roaming</td>
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<tr>
<td>Infrastructure development</td>
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<tr>
<td>Net neutrality</td>
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<tr>
<td>Copyright</td>
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<tr>
<td>Fight against piracy</td>
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<tr>
<td>Taxation</td>
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<tr>
<td>e-commerce (trust, contracts)</td>
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<tr>
<td>Data protection</td>
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<tr>
<td>Cybersecurity</td>
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= agreements, guidelines or recommendations
● = studies, toolkits & information resources
●● = capacity building
●●● = forums of exchange

4 main types of initiatives
An regional digital market in LATAM? Connectivity – main issues/way forward?

<table>
<thead>
<tr>
<th>Topic</th>
<th>Main issues</th>
<th>Regional stakeholders</th>
<th>Next steps?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Fragmentation, different levels of development</td>
<td>CAF, CITEL, ITU, REGULATEL</td>
<td>NBBP, incentives for investors</td>
</tr>
<tr>
<td>Spectrum</td>
<td>Lack of long term harmonization policy</td>
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<td>More focus on legal, regulatory aspects for 5G</td>
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<td>Interoperability</td>
<td>Multiple standards, no clear path</td>
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<td>Revise existing rules</td>
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<tr>
<td>Roaming</td>
<td>High costs, lack of transparency</td>
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<td>Address structural bottlenecks</td>
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<td></td>
<td>Cooperation agreements/industry initiatives</td>
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</tbody>
</table>
An regional digital market in LATAM?
Online access – main issues/way forward?

**Topic**
- e-Commerce
- Taxation
- Copyright
- Privacy, data protection, security

**Main issues**
- No contractual rules fit for online
  Lack of trust on online transactions
- Double taxation digital services
- Rules not fit for digital
  No cross-border access to content. Online piracy
- Need more harmonised environment. Enforcement is an issue

**Regional stakeholders**
CEPAL, MERCOSUR, OAS

**Next steps?**
- Harmonization
  Strengthen users’ privacy rights online & cybersecurity
- Multilateral agreements
- Develop a LATAM creative industry
  Facilitate licensing
Any questions contact me at ezequiel.dominguez@cullen-international.com