

T-MEC: Desafíos y Oportunidades en la Economía Digital

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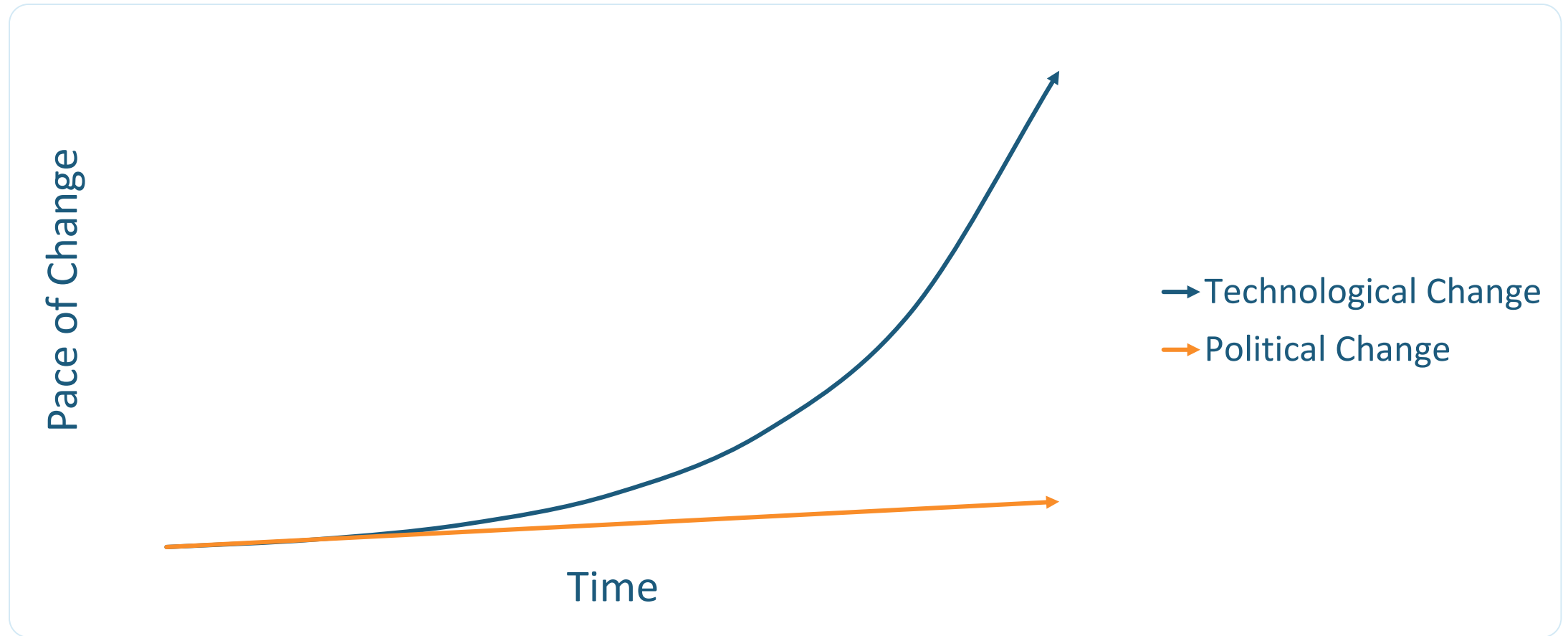
March 12, 2020

@castrotech

About ITIF

- Independent, nonpartisan research and education institute focusing on intersection of technological innovation and public policy.
- Formulates and promotes policy solutions that accelerate innovation and boost productivity to spur growth, opportunity, and progress
- World's top think tank for science and technology policy, according to the University of Pennsylvania's authoritative *Global Go To Think Tank* Index

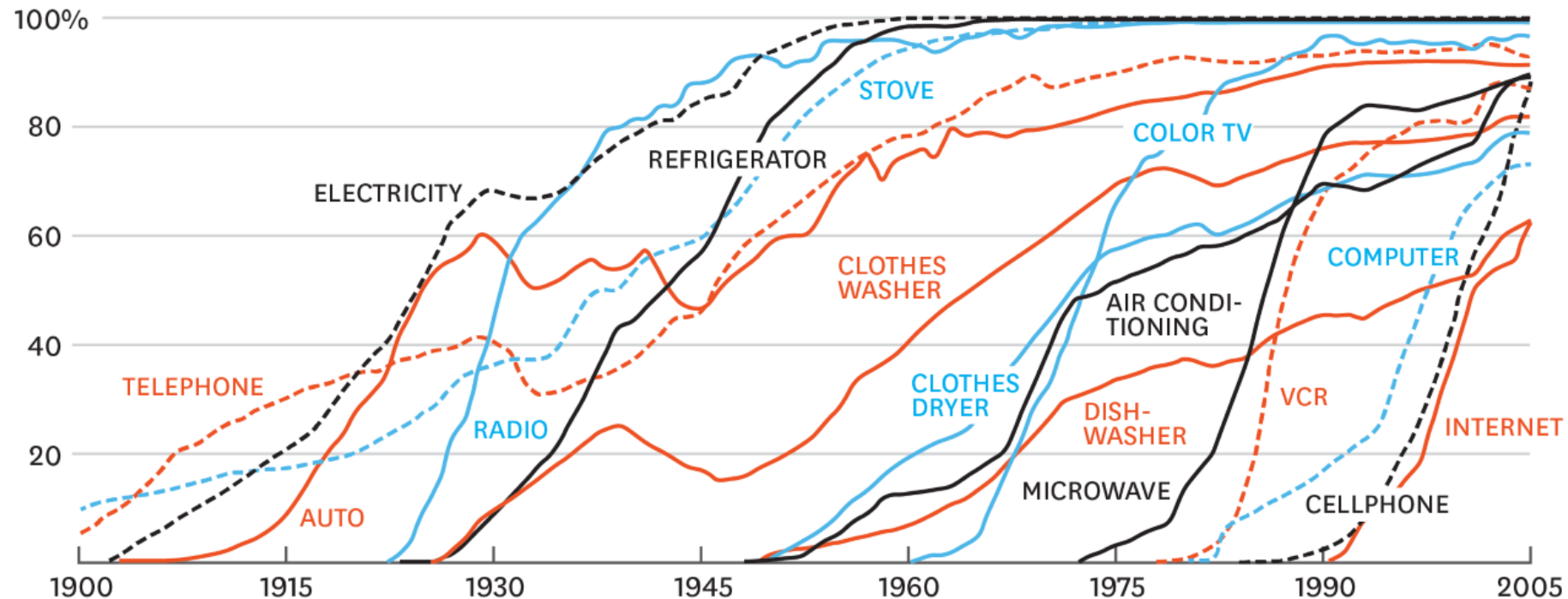
The Pacing Problem



Rate of Digital Adoption Exacerbates Pacing Problem

CONSUMPTION SPREADS FASTER TODAY

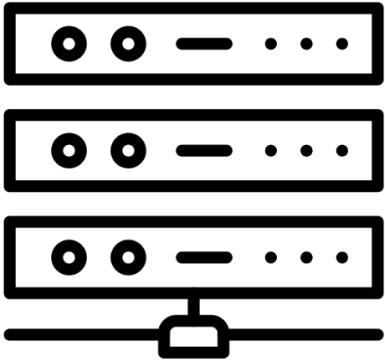
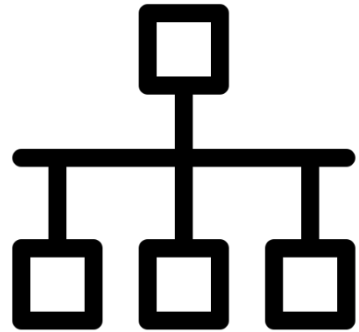
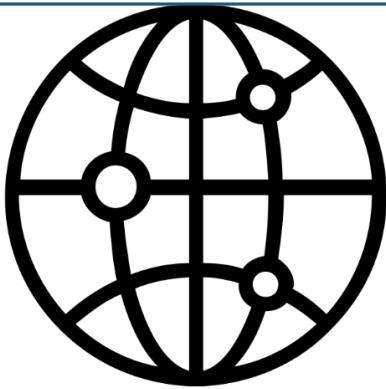
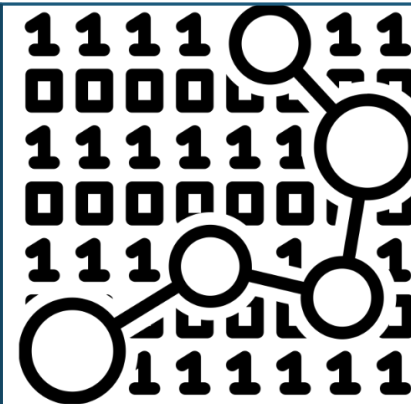
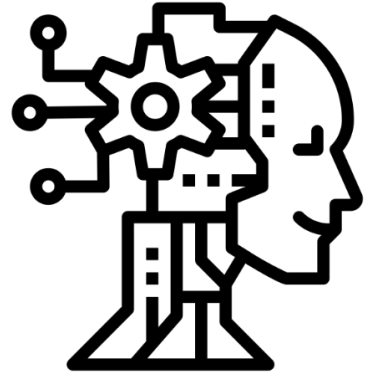
PERCENT OF U.S. HOUSEHOLDS



SOURCE NICHOLAS FELTON, THE NEW YORK TIMES

HBR.ORG

Past and Future Waves of Digital Innovation

				
Mainframe Economy	Network Economy	Internet Economy	Data Economy	Algorithmic Economy

Data is Transforming the Economy

Mining



Auto Repair



Ranching



Healthcare



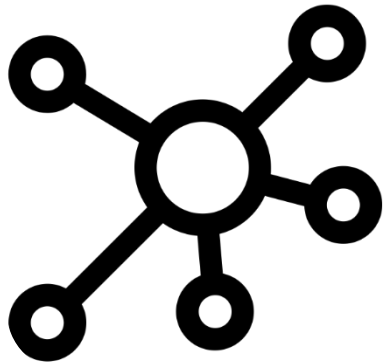
Manufacturing



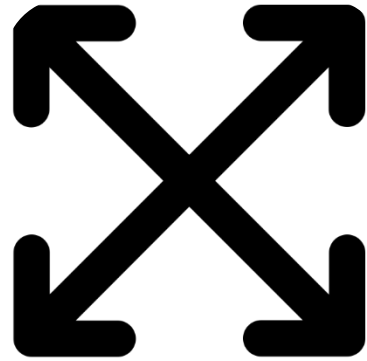
Farming



Building Blocks for Success in the Digital Economy



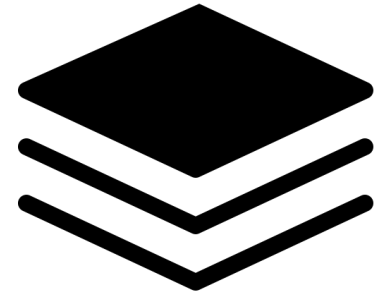
Data



Scale



Global



Platforms

Changing Business Models

LARGEST GLOBAL COMPANIES IN 2018 VS 2008:
SEVEN OUT OF TEN ARE NOW BASED ON PLATFORM
BUSINESS MODELS

2018

RANK	COMPANY	FOUNDED	US\$Bn
1.	 *	1976	890
2.	 *	1998	768
3.	 *	1975	680
4.	 *	1994	592
5.	 *	2004	545
6.	 腾讯 *	1998	526
7.	BERKSHIRE HATHAWAY	1955	496
8.	 *	1999	488
9.		1886	380
10.	J.P.Morgan	1871	375

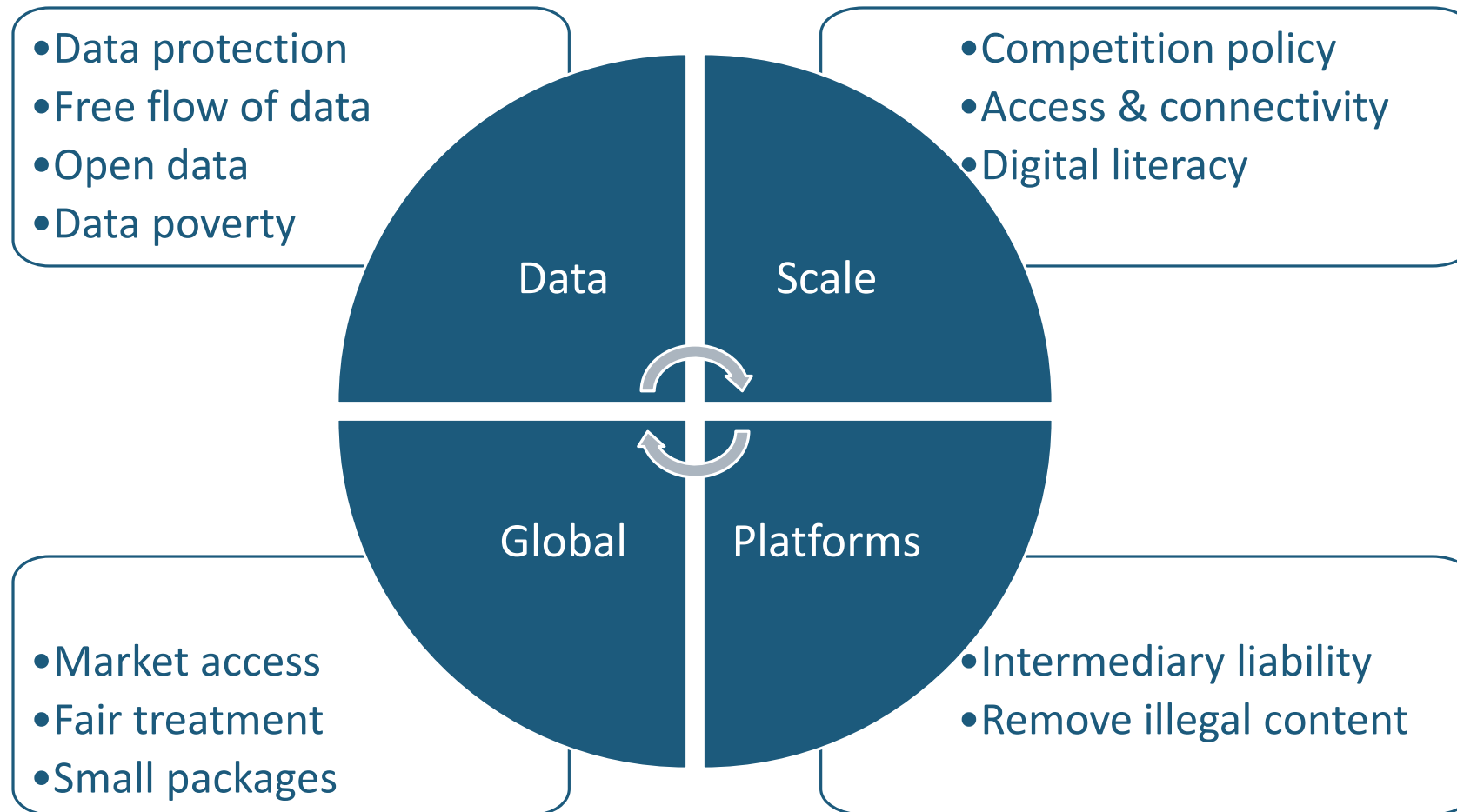
* Companies based on the platform model

2008

RANK	COMPANY	FOUNDED	US\$Bn
1.	 PetroChina	1999	728
2.		1870	492
3.		1892	358
4.	 中国移动 China Mobile	1997	344
5.	 ICBC	1984	336
6.	 GAZPROM	1989	332
7.	 Microsoft	1975	313
8.		1907	266
9.		2000	257
10.	 AT&T	1885	238

Sources: Bloomberg, Google

Policies to Support the Digital Trade Agenda



GDPR – A GLOBAL “GOLD STANDARD”?



GDPR Has Failed

We're sorry. This site is temporarily unavailable.

We recognise you are attempting to access this website from a country belonging to the European Economic Area (EEA) including the EU which enforces the General Data Protection Regulation (GDPR) and therefore cannot grant you access at this time.

For any issues, [contact us](#).
(403 error.)

GDPR Has Failed

Inbox **This is not another GDPR update email - GDPR, Studyportals, and You**

Inbox **Introducing our Data Protection Policy** - the EU's **GDPR** and in line with this best practice for individ

Inbox **Your information is safe with us.** - Important **GDPR** information about your GivenGain data. View th

Inbox **Important Updates to Scrapinghub's Policies** - information. **GDPR**: On May 25, 2018, a new Europ

Inbox **Still want to hear from us?** - Regulation (**GDPR**) (https://gdprchecklist.io/?utm_source=CfA+Master+

Inbox **Updates to our Terms of Service** - Regulation (**GDPR**) comes into effect on 25 May 2018. This law r

Inbox **We've Updated our Privacy Policies** - with new **GDPR** regulations in the EU. The data you send to T

Inbox **Important notice about our Privacy Policy** - of being **GDPR** compliant, we've updated our Privacy P

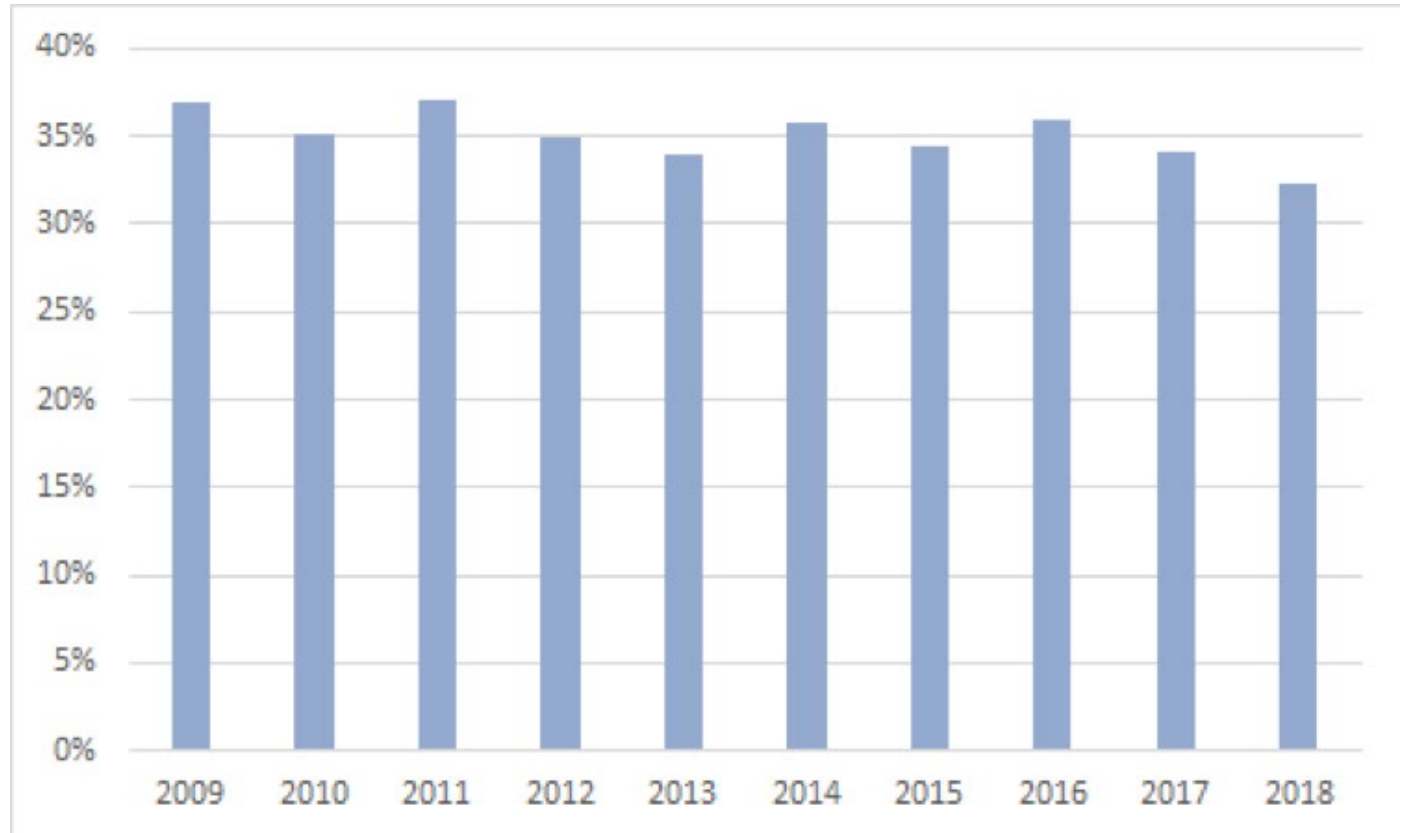
Inbox **Updates to Indiegogo's Policies** - We've made some changes that you should know about INDIEGO

Inbox **Updates to Uber's Privacy Policy** - Regulation (**GDPR**) - New tools for contacting Uber about your p

Inbox **Updates to our Privacy Policy** - ("**GDPR**") goes into effect May 25, 2018. As an organization legally

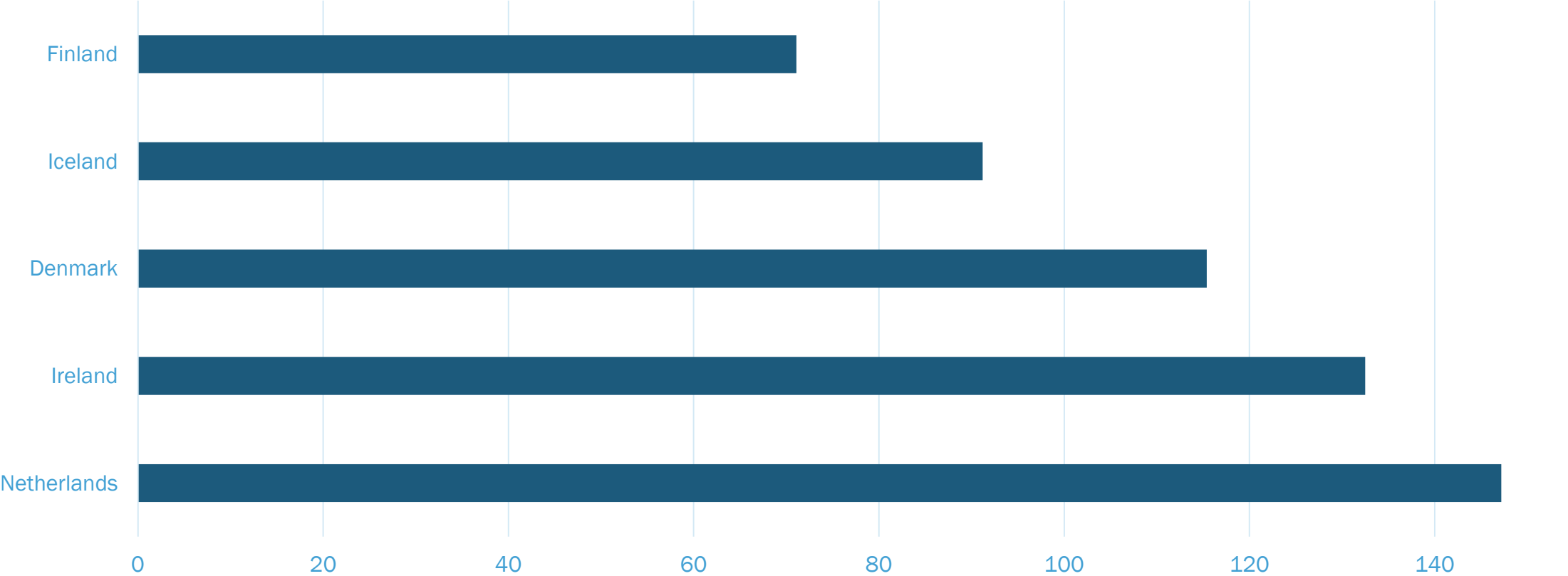
GDPR Has Failed

Percent of EU respondents who “Tend to Trust” the Internet, 2009-2018



GDPR Has Failed

Data Breaches per 100,000 People (2019-2020)



GDPR Has Failed



James Pavur

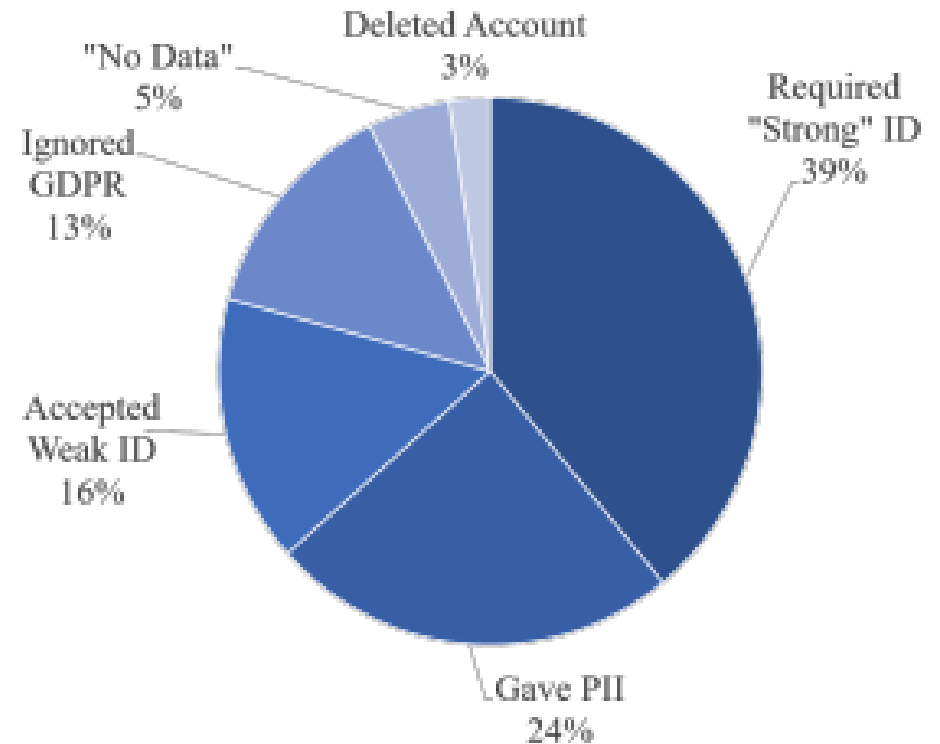


Figure 3: The ultimate responses of organizations who received a malicious subject access request.

Why Privacy Laws Fail – Wrong Principle

- **Precautionary Principle:** Until proven safe, the government should limit the use of new technologies.
 - Focus is on minimizing risk
- **Innovation Principle:** The vast majority of new technologies are beneficial and pose little risk, so government should encourage them.
 - Focus is on maximizing benefits

Why Privacy Laws Fail – Misunderstand Nature of Data

Oil

- Rivalrous
- Fungible
- Constant returns

Data

- Non-rivalrous
- Non-fungible
- Diminishing returns

Why Privacy Laws Fail – Too Soon

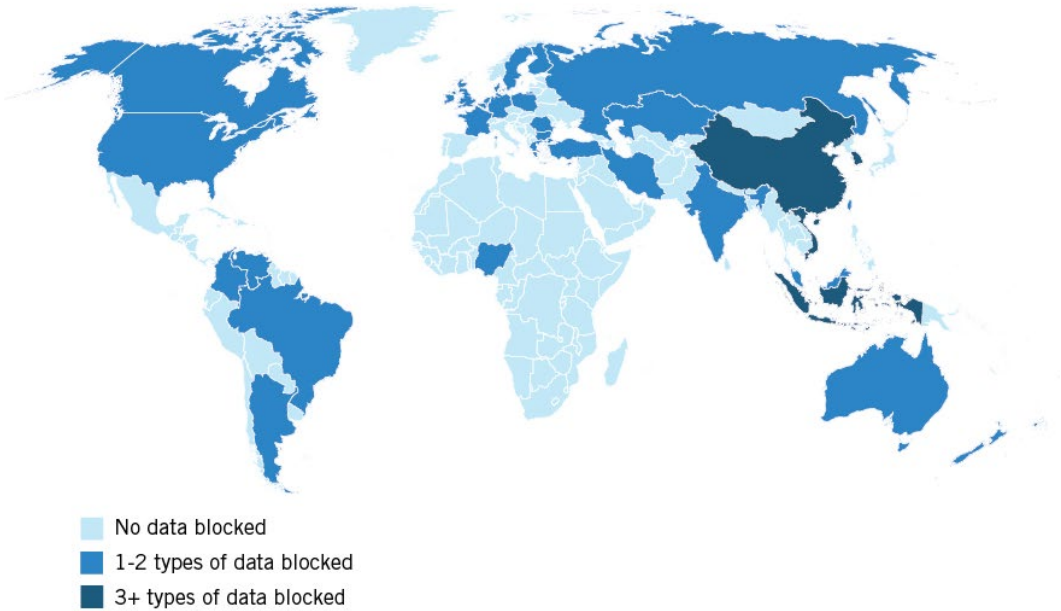


Balancing Consumer Protection and Innovation

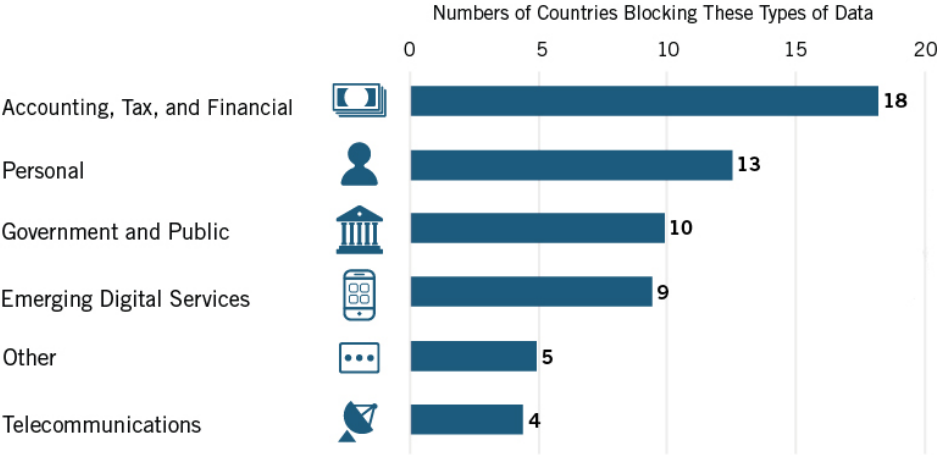
1. Maximize Consumer Welfare, Not Just Consumer Privacy
2. Address Real Privacy Concerns

Enabling the Free Flow of Data

Which Countries Block Data Flows?*

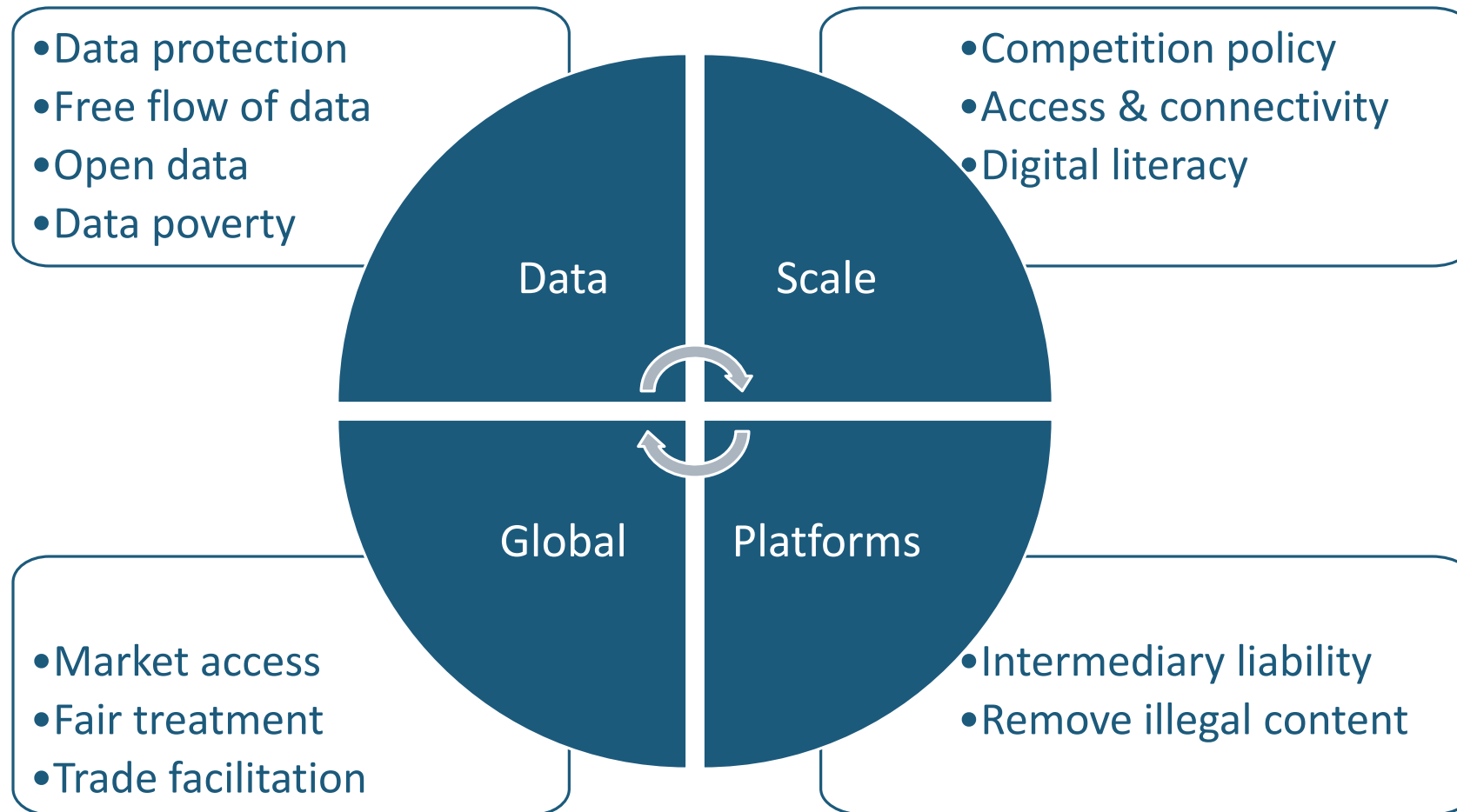


What Types of Data Are Blocked?*



*ITIF analysis of formal laws or regulations publicly reported as of April 2017.

Policies to Support the Digital Trade Agenda



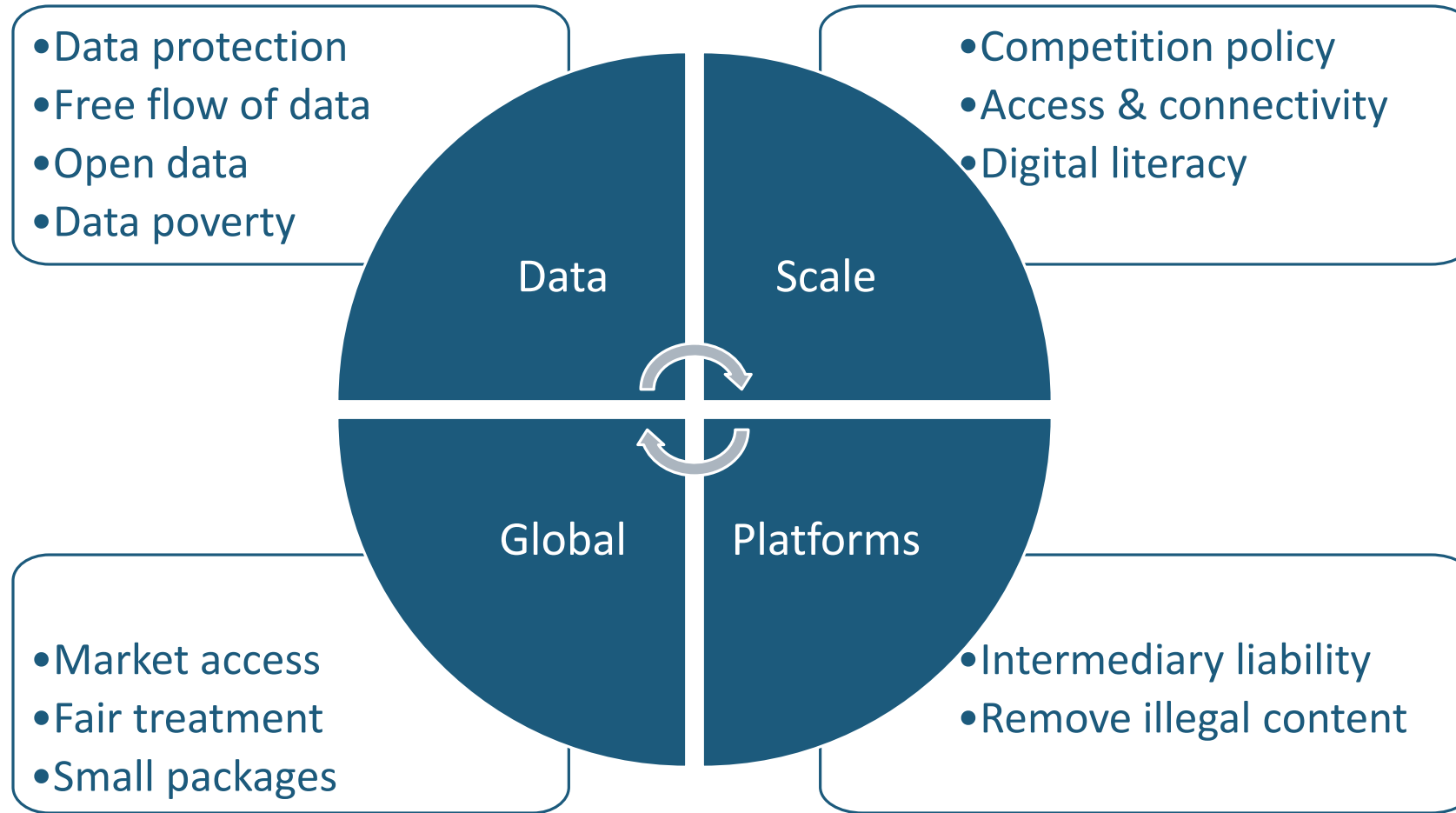
Open Access to Markets

- Do not discriminate against other nations
- Treat local and foreign goods and services the same
- Prohibit market access restrictions, including source code disclosure
- Eliminate measures requiring service firms to maintain a local presence as a condition for supplying a service

Trade Facilitation

- World Bank Enterprise Survey:
 - 20% of firms in Latin America (11% of firms in Pacific Alliance countries) identify customs and trade facilitation as a major constraint to SMEs. (vs. 4% of firms in advanced economies)
- Intra-Regional Shipping Delays
 - 23 days in Latin America vs. 9 days in advanced economies
- WEF: Improving trade costs to half of global best practice would increase exports in Latin America by 30%.

Policies to Support the Digital Trade Agenda



Establish Intermediary Liability Protections

- Defines responsibility of intermediaries for content posted by users.
- Goals:
 - Reduce harm
 - Incentivize innovation
 - Promote free expression

Regional Opportunities for Improving Digital Trade

- Percent of B2C e-commerce (compared to retail) in LatAm half that of North America and Europe
- Percent of global e-commerce share small (4%)
- Very low average # of online transactions per capita

Competing Models for Digital Trade



Digitally enabled
Large markets
Common language
Innovation-friendly rules
Interoperability
Open markets



Digitally enabled
Large markets
Common language
Innovation-friendly rules
Interoperability
Open markets

A Digital Trade Agenda for Latin America



Available electronically (English and Spanish) at www.itif.org.



Nigel Cory
Associate Director,
Trade Policy



Daniel Castro
Vice President

Thank You!

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