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T7 Task Force International cooperation for the global common good

POLICY BRIEF

FINDING SOLUTIONS TO COMMON DIGITAL ECONOMY CHALLENGES UNDER GERMANY'S PRESIDENCY FOR THE G7

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Abstract

This policy brief addresses the two goals of better future as well as economic sustainability and recovery goal, which were outlined by the G7 under Germany's current presidency to the G7. It aims to analyze 4 distinct digital trends that are existing in today's global digital economy in both developing and developed countries with various degrees of penetration and adoption. These trends include data as a new type of infrastructure, Cross Border Flow of Data (CBFD), leveraging Private Public Partnership (PPP) business model in the uptake of 5G, in tandem with strengthening the regulatory bodies, leveling the playing field for all market players, and adopting effective market liberalization strategies. Finally, the fifth trend includes ensuring suitable and harmonized governance and regulatory frameworks for digital platforms on a global level.

This policy brief is meant to help developing countries' policy makers make suitable decisions and drafting appropriate policies in this specific area. By leveraging best practices and international experience distinctively from the G7 context, the findings of this policy brief would help in achieving this goal. Finally, this contribution ends with suggested implementation plan that aims to strengthen the international cooperation and ties between G7 and developing countries by increasing the awareness of the latter with lessons learned and best practices to promote the above mentioned new digital trends in developing countries. This policy brief is consistent with the pillar of strengthening the common good pillar outlined in Germany's priorities in its presidency to the G7.

Challenge

G7 is considered a major force for innovation as well as for setting regulatory standards in the global economy. European Digital Economy regulations such as the GDPR and the Digital Market Act, among other significant European regulations, are considered a roadmap and best practice for the rest of the world to help them in drafting digital economy laws regulations.

In the context of digital economy challenges, helping developed and developing countries set harmonized regulatory standards for the new digital technology trends in the global economy would be a win - win situation. There exists a consensus among policy makers and regulators that the global economy will not reap the benefits of new digital trends in technology such as digital platforms, data as infrastructure, 5G technology, and Cross Border flow of data (CBFD), unless harmonized regulatory standards are set and enforced in both developed and developing countries (Mishra 2022, Drake et al 2017, 2018, Badran 2018). The new digital economy laws enacted by the G7 countries serve as the premise for the suggestions by this policy brief for achieving consistency in the global regulatory framework for the digital economy. This policy brief concludes with an action plan to help G7 in its pursuit of guiding the global digital economy to surmount these challenges. The suggested plan outlines regulatory guidance by the G7, among another ways of support. Thus, helping developing countries drafting the necessary and pertinent laws and regulations, in an effective manner, to regulate these new digital trends in the most efficient way possible, would be a major achievement by G7 to meet the goal of harmonizing the global regulatory standards for the digital economy.

In the context of regulating new technologies and digital trends, exposing policy makers in the rest of the world, especially in developing countries, to the various regulatory frameworks for these new digital economy trends would ensure that they get the necessary support to draft solid, holistic, as well as practical policies and laws to govern these new digital economy trends in their countries.

It is clear that the global digital economy as whole faces common and similar digital economy challenges, such as establishing an economically sound regulatory framework to govern digital platforms, protecting of digital sovereignty and privacy while allowing Cross Border Flow of Data (CBFD), advancing the global economic growth and the economic recovery by harnessing and fostering data infrastructure as the new type of infrastructure, and finally, leveraging Private Public Partnership (PPP) business model in an enabling environment with liberalization, competition, and autonomous regulators as pre- requisite to increasing the uptake of 5G mobile technology (Arezki et al 2021).

Proposals

Consistent regulatory standards across the globe would lead to materialize all the advantages of the fourth industrial revolution, whether the first wave of disruptive technologies or any new technologies that would follow. Digital economy solutions to the following emerging digital trends are as follows; First, strengthening & harmonizing Data infrastructure globally to reach the goal of interoperability between the different regulatory standards; second, balancing privacy and sharing of data to promote economic growth and expedite economic recovery in G7 digital economies and globally; third fostering the uptake of 5G mobile technology through Public Private Partnership (PPP) business model, liberalization, competition, and strong autonomous regulatory bodies (Arezki et al 2021); and finally helping developing countries in effective governance of digital platforms drawing from the new G7 regulatory framework in this area to reach the goal of global common good and the goal of achieving effective and impactful economic recovery.

Both, the data as infrastructure challenge, and Cross Border Flow of Data (CBFD) challenge, are impacted by the different privacy regulations the govern the sharing of data in various countries and regions. These two trends constitute a major challenge to manage data as an infrastructure as well as the most efficient way to share it in order to maximize economic gains from it. As to the CBFD between the two polar choices of governing data, namely complete free flow of data, and data localization, the following section outlines new suggestions for new approaches to govern the CBFD and as a novel type of infrastructure (Badran 2018).

Firstly, providing incentives to use privacy enhancing technologies and operational controls. Particularly, in the context of personal data. These privacy enhancing technologies are critical to reach the goal of balancing protecting the private and personal information of citizens while reaping the economic benefits of cross border free flow of data. This provided that the anonymization of data is insufficient to find that balance. Secondly, building consumer controls which entails essential choice and control over consumers' data universally. Data portability is one form of this control another is the measures offered in the GDPR (PwC 2021; Introssoft Consulting 2021). This includes the providing seamless access to data by the consumers. Thirdly, including in the regulatory framework the non-traditional players in the market that have access to consumers' data such as apps. Fourthly, developing an innovative legal approach that harnesses the aspect of national sovereignty (Brill 2021).

The above-mentioned approaches address the stronger together goal and investment in a better future goal.

For the challenge of increasing the 5G uptake, Public Private Partnership (PPP) is an essential business model to promote the development and uptake of 5G. This is the same business model that has been used to support the update of fixed broadband in Europe in the beginning of century. Sharing the costs of rolling the 5G service using the PPP business model would lead to increase its uptake and making this now mobile technology the mainstream as the case with fixed broadband in the early 2000s. 5G PPP consortium is a the success story of a joined initiative between EU commission and European ICT industry that entails the manufacturers and operators of telecommunications equipment, and services would serve as a short cut for the developing countries to reach the same goal in a shorter time with less costs and fewer challenges. The latter initiative aims at creating new markets such as smart cities, e- health, e-learning, and intelligent

transport. Paving the way to a similar collaboration in a form of a consortium built on the partnership between the private sector and the public sector in the developing countries and the developed countries would expedite the uptake of 5G globally. This approach does not preclude the importance of harnessing liberalization strategies to the mobile market which is effective only with market competition, and autonomous and independent regulatory bodies (Arezki et al 2021, <https://5g-ppp.eu>).

This suggested solution to surmount the common challenge of increasing the uptake of 5G and to adopt this new mobile technology with all its new innovative features to meet the developmental goals of the emerging countries. This suggestion will fulfill the goal of economic sustainability and recovery in the post pandemic new normal. It is worth noting that the 5G PPP European initiative is based on 5G enabled neutral host framework. Adoption of this model has numerous advantages such as: monetization of 5G services, sharing the cost of infrastructure upgrade (Capex), and ensuring the realization of increased rate of return on investment. (ROI) This framework provides solutions to accommodate the needs of all verticals that offer use cases for 5G technologies and the pertinent business models of network slicing (Houngbonon et al 2021).

Finally, to help developing countries govern digital platforms in an effective and efficient manner (Badran 2021), lessons learned and best practice from the new regulatory framework that EU has established to govern digital platforms on its territory, would be another important contribution of Germany's presidency. The Digital Market Act (DMA) aims at creating a safer digital space where the fundamental rights of users are protected. It also serves the purpose of leveling the playing field for businesses. Furthermore, it addresses the market power of gatekeepers which are the dominating digital platforms with massive market power. The DSA helps in establishing new rules to regulate these gatekeepers. Lessons learned from the DMA and how developing countries can use it as a blueprint to regulate DPs in their economies would fulfill the better future goal and economic sustainability and recovery goal.

Implementations

- i. Capacity building for African regulatory institutions to increase awareness and to enhance the regulatory aspect for the African Telecom Regulators.
- ii. Embed the approach of public consultations as a process in regulating process in African countries
- iii. Embed the participatory approach in regulating digital platforms and give incentives to regulators in developing countries to establish a separate independent unit in their regulatory institutions to govern them across all verticals
- iv. Establish a set of new indicators to measure the progress of the 5 trends explained above
- v. Set specific milestones as well as benchmarks based on best practice and success stories for monitoring and evaluating the progress in adopting the 5 digital trends explained above.

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Professor Dr. Mona Farid Badran is a Digital Economy Professor at the Faculty of Economics and Political Science, Cairo University, and a Digital Economy Expert at the World Bank, Washington DC. She received her Ph.D. from Cairo University, and a master's degree in economics from Georgia State University, Atlanta. Professor Badran has published extensively on topics related to the ICT sector in emerging markets and Arab countries such as digital inclusion, local loop unbundling, fixed and mobile broadband, socioeconomic dynamics in the uptake of ICT, cloud computing, data localization, e- and m-health, mobile money services, digital economy, and digital platforms. Her research topics focus primarily on the socioeconomic impact of ICT in developing countries, particularly, on marginalized cohorts such as youth and women.

Moreover, Professor Badran has extensive consulting experience with the public sector. She advised the Egyptian Ministers of Investment for more than six years at the Ministry of Investment, where she led the research department. Besides her consulting experience in government, Professor Badran also has extensive consulting experience with the private sector, such as Orange Mobile Operator, telecom industry bodies such as GSMA, and international organizations such as the ILO and the ITU. Furthermore, she has an extensive track record in publishing in the best international journals in her domain such as Telecommunications Policy Journal. Professor Badran's current research interests are about the impact of new disruptive technologies such as AI and digital platforms on economic growth and development in emerging markets. Professor Badran received numerous international awards for her international publications record and her academic achievements from Cairo University, Georgia State University, and the International Telecommunications Society.



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