POLICIES FOR THE DIGITAL TRANSFORMATION
Highlights from key IIC debates of the last 12 months

The IIC Annual Review 2019/2020
Kuala Lumpur | Brussels | Miami | Riga | London | Washington
Digital economy: transformation in sight

‘Digital transformation’ is regarded as a driver and distributor of economic growth for many countries. Infrastructure is the ‘foundation’ and, with civil engineering works accounting for up to 80% of deployment costs, cost-effective measures on physical infrastructure access are essential. In Europe, 5G is regarded as vital infrastructure, with demands for a ‘mobile pivot’. Regulatory and legal certainty are seen as essential prerequisites alongside long-term planning. In developing countries, a speaker suggested, it wasn’t just about regulatory frameworks, but creating a culture of innovation and entrepreneurship. An OECD speaker argued that digital technologies could be key to raising low productivity in Latin America as well as improving government transparency and access to information.

It is widely felt that many global technology companies fail to contribute to the cost of digital development whilst benefitting from the infrastructure, and that a digital services tax on revenue is required in order to ‘remove asymmetries’, based on the principle that the value is created by the consumer. Others argue that the value is in the innovation, and that taxes on turnover avoids tax treaties while creating arbitrary distinctions. Many countries have plans for a digital services tax, but most are awaiting the final proposals from the OECD.

Content: contentious and consensus

The main topics in the debate around content took in the decline of linear TV, the rise of the platforms, the pressure on public service broadcasting and the importance of locally-produced content. The new EU directive requires content standards to apply equally on or offline, and imposes a minimum of 30% local content. Technology is shaping the content and leading to industry concentration. PSBs should focus on national content and policymakers need to ensure that national players can get prominence on platforms and make a reasonable return on content investment. Another
benefit from network effects and access to data. Others citing the unique position of platforms in their ability to debated at IIC events. Some called for ex-ante regulation, and the role of competition law and regulation were widely

The activities of platforms, their impacts on competition and the role of competition law and regulation were widely debated at IIC events. Some called for ex-ante regulation, citing the unique position of platforms in their ability to benefit from network effects and access to data. Others pointed out that evidence of consumer harm was, so far, scant, and that dominant positions can change rapidly with innovation. Another contributor described how network effects can be addressed through interoperability. Such frameworks, in the case of platforms, would be complex, but compelling access to datasets pointed in the right direction.

Policymakers and industry representatives agreed on the importance of research in ensuring the right response from regulators. A Facebook representative pointed out that infrastructure-based regulatory models are national in nature, and therefore inappropriate for global platforms dealing with millions of individuals. An EU representative agreed that platforms were not responsible for illegal content on their sites, but had a duty to act when alerted. Another contributor felt that technology companies were being blamed for every problem and that regulators should address deceptive actors rather than content.

5G: proceeding with caution
In spite of optimism about the ‘game-changing’ impact that 5G is expected to have in many countries, debates during the year tended to centre on the trinity of speed (of deployment), spectrum, and cost. Most countries are making progress on releasing more spectrum, but auctions need to be constructed to allow for lowest, rather than highest, prices, so that networks can be sustainable. With 4G still growing rapidly in many countries the limited financial resources of many operators, and revenues per user broadly static, the investment case behind 5G remains uncertain. But there are many voices insisting that the momentum behind 5G deployment needs to be maintained if the advantages are to be realised.

Privacy: keeping the data flowing
Privacy was the focus of debates at two IIC events. Discussions centred on the increasing importance of data to international trade and an issue for the eco-system rather than a single entity. Most contributors agreed that the goal of regulation is to ensure maximum interoperability through ‘adequacy’, rather than equivalence, and that there should be no attempt to impose GDPR as a global privacy standard.

One contributor argued that Asia, as a global engine of growth, needed to link data from Europe and the US and that privacy rules needed to be flexible. Countries in Asia are currently focused on their own framework of cross-border privacy rules with the aim of creating a global interoperability mechanism alongside GDPR. Contributors questioned the use of the consent mechanism, citing its overuse, and possibly misuse in enabling processing not required for the service being offered. Privacy policies are too long, and alternative mechanisms need to be explored. Another perspective was that the model of individual control enshrined in GDPR is not sustainable, and needs to be replaced with a system based on a framework of trust.

Platform regulation: how and what?
The activities of platforms, their impacts on competition and the role of competition law and regulation were widely debated at IIC events. Some called for ex-ante regulation, citing the unique position of platforms in their ability to benefit from network effects and access to data. Others

Cybersecurity: collective defence needed
The imminent arrival of 5G, with its more distributed networks and reliance on data flows, has placed a new and more urgent focus on issues of cybersecurity. Alongside sensitivities in the procurement and supply of 5G equipment, a contributor described much current technology as ‘insecure by design’, needing to be made secure after the fact. The security risk has been diffused across the internet, with ‘everybody threatened by it, but nobody responsible for it’. Encryption is a key tool for both privacy and security and ‘back doors’ are not the answer to national security concerns. Although some progress has been made, system threats are often not detected for months, and this needs to improve. The increasingly fragmented response of individual nation states and the shortage of relevant skills to fight cybercrime is also a hindrance. There need to be internationally agreed principles on data privacy and security with enforceable accountability mechanisms.

AI: ‘responsible innovation’
Concerns about the ‘loss of human agency’ focused minds on the various ways in which AI development should be guided. The EU’s ‘High Level Expert Group’ and the OECD have issued ‘AI principles’, the latter proposing an ‘AI Observatory’, designed as a source of evidence and best practice. A contributor urged action to counter bias and discrimination that would need rules different from the ‘physical world’. However, another perspective was that it is not ethical to regulate AI to the point where it could not be used. AI needs access to the widest possible pools of data, and the consent requirements in GDPR make this difficult. It was pointed out that AI was currently a complement to human intelligence and not a replacement for it. Policymakers should understand the technology before trying to regulate it.
About the IIC

The IIC exists to promote an open dialogue around the regulatory and policy challenges facing the telecoms, media and technology industries. We are apolitical, non-profit, neutral and global. Because of this we are able to bring together all the major actors in the TMT sector from across the world, in order to discuss and shape the future policy and regulatory agenda. The IIC also acts as a professional network for senior level strategists in the digital economy, and we count among our members many of the largest, most progressive organisations in our industry, as well as its smartest thinkers.

The IIC operates at the intersection of business and public policy. Our aims include the dissemination of best practice, the exchange of ideas and the promotion of common understanding. We believe our work is vital to the future success of our industry and is only possible because of the contributions of our members.

If you know anyone who might be interested in joining the IIC, please encourage them to find out more at www.iicom.org/join or they can contact Lynn Robinson at l.robinson@iicom.org

To all our members, thank you for your support. We are only able to do what we do because of you.

IIC Meetings 2020

The coronavirus pandemic means that our events have, for now, moved online. We are running a series of webinars along with podcasts, blogs and articles on the IIC website. We will return to our normal events programme as soon as possible, and remain hopeful that the Annual Conference will still take place in October as planned. Please follow us on LinkedIn (find our page by searching for ‘IIC’) and Twitter (@The_IIC) to stay connected and join the conversation. #IIConnect

Comments on IIC meetings

“The most impressive thing is the range and quality of regulators with whom you interact. I recommend it to regulators across the globe.”
Cordel Green, CEO, Broadcasting Commission, Jamaica

“It’s a great place to see and be seen...a great way to meet clients and other industry participants.”
Ann La France, Partner, Squire Patton Boggs

“Putting different people together, coming together, discussing across industries, across governments and the private sector to find solutions. We think that’s going to be even more important in the future.”
Håkon Bruaset Kjøl, Senior Vice President, Telenor Group

The International Institute of Communications
Highlands House, 165 The Broadway, London SW19 1NE
Tel: +44 (0)20 8544 8076
www.iicom.org