Crafting an Open and Innovative Digital Trade Agenda for Latin America

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Without a single, integrated market for digital goods and services, Latin American businesses will have difficulty gaining the scale to succeed in the digital economy. Policymakers should embrace openness, innovation, and competition throughout the region.

Success in the digital economy depends in large part on scale. Digital innovators that have access to larger markets usually do better than competitors with access to smaller markets. Because there is no single, integrated Latin American market, Latin American digital innovators compete with a considerable disadvantage, especially compared with U.S. and Chinese competitors. As such, countries in Latin America, in addition to subgroups within it like the Pacific Alliance, should pursue an ambitious digital trade agenda to accelerate the development of their individual digital economies—but with the overarching goal of a region-wide integrated digital single market (DSM). This digital trade agenda should embrace openness, innovation, and competition within the region—following the model of the Asia-Pacific Economic Community, rather than the more closed and heavily regulated European Union.

Removing barriers to digital trade and enacting similar or compatible frameworks and principles for digital and digitally enabled goods and services would provide the region’s firms with the critical economies of scale needed to succeed in the global digital economy. Such an agenda would be grounded in both the region’s large Spanish-speaking markets and increasingly connected and tech-savvy businesses and consumers. The risk is that without a shared, ambitious approach, the opportunity for a more integrated Latin American digital economy, from Mexico to Chile, will slip away as countries head in the other direction toward digital protectionism.
To accomplish this bold but achievable goal, Latin American nations should do the following:

- Improve trade facilitation for small packages.
- Address broader trade-facilitation issues.
- Establish intermediary liability protections.
- Enable the free flow of data.
- Centralize spectrum management.
- Eliminate tariffs on information and communication technology (ICT) products.
- Provide more open access to service markets.
- Do not regulate online platforms and “over-the-top” (OTT) services as telecom providers.