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What are the key issues at stake for developing countries in relation to cross-border data flows?

International data flows underpin goods and services trade in the modern economy. Cross-border data flows were worth $2.8 trillion to world GDP in 2014, surpassing the impact of global trade in goods, and making a 4% contribution to world GDP[1]. Businesses from developed countries, developing countries, and least-developed countries (LDCs) rely on international data flows, and particularly on non-personal technical data, for product specifications, organic food labels, financial data, and engineering plans, to name but a few uses. Data-driven digitalisation creates global opportunities and, therefore, cross-border data flows have become increasingly important for development.

At the international level, cross-border data flows are currently discussed predominantly in the context of trade agreements[2]. These can be based in specific geographies and limited in terms of developing country participation, presenting potential challenges to developing countries in the area of cross-border data flows governance[3].

Developing countries may also have concerns regarding the costs of implementing data policies and the capacity, skills and expertise required to manage this process. For example, a number of developing countries have not yet established independent data privacy enforcement authorities and they may not have formal equivalence mechanisms in place (such as memoranda of understanding or mutual recognition agreements)[4]. Some developing countries require assistance to understand fully regional data privacy frameworks[5].

Another concern could be the complications in handling data of citizens in diverse jurisdictions, which may be subject to multiple data regimes. Different data frameworks with different underlying objectives, e.g., either with a focus on protecting privacy or on promoting economic growth, may translate into different levels of regulatory stringency[6]. This could exacerbate tensions for developing countries who are still establishing their own domestic legislation.

What would be needed to ensure that benefits of the digital economy are shared more equitably?

The digital divide is the main challenge to expanding the benefits of the digital economy. 3.7 billion people[7], almost half of the world's population, remain unconnected to the internet. Digital trade depends on digitally enabled systems and processes, digital infrastructure, reliable connectivity and digital skills. The lack of such skills, systems, connectivity and infrastructure based around common standards and norms has hindered developing

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[1] McKinsey (2016): Digital globalization: The new era of global flows; https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/digital-globalization-the-new-era-of-global-flows

[2] UNCTAD (2023): G20 Members' Regulations of Cross-Border Data Flows; https://unctad.org/publication/g20-members-regulations-cross-border-data-flows

[3] Ibid.

[4] GSMA (2018): Regional Privacy Frameworks and Cross-Border Data Flows: How ASEAN and APEC can Protect Data and Drive Innovation; https://www.gsma.com/publicpolicy/wp-content/uploads/2018/09/GSMA-Regional-Privacy-Frameworks-and-Cross-Border-Data-Flows_Full-Report_Sept-2018.pdf [PDF link]

[5] Ibid.

[6] Ibid.

[7] ITU (2020): More urgent than ever: Universal connectivity to bring 3.7 billion people online; https://www.itu.int/hub/2020/12/more-urgent-than-ever-universal-connectivity-to-bring-3-7-billion-people-online/

countries' ability to benefit fully from the digital economy. To address these challenges, governments should focus on delivering inclusive, responsible and sustainable digital transformation projects.

Digital trade rules have struggled to keep up with the rapid pace of technological change. Fragmented rules and regulations negatively impact businesses in cross-border transactions, even if each regulation is proportionate and effective when considered solely in a domestic context. A relevant case study are transferable records relevant to international trade transactions. There are continued legal requirements in many countries for paper documentation and 'wet' signatures. These requirements make deal-making slower and more expensive[8], restricting the growth of global digital trade. Facilitating the adoption and acceptance of electronic transferable records through regulations that are interoperable and coherent internationally (e.g., through the adoption of the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Electronic Transferable Records) will build momentum for free and fair digital trade which benefits everyone. This will also reduce the fragmentation of global digital trade rules.

Bridging the digital divide by increasing access to the internet and digitally enabled systems and processes and by reducing the fragmentation of global digital trade rules are some of the ways to ensure that the benefits of the digital economy are expanded and enjoyed by all, especially by developing countries and LDCs. Ultimately, this requires international cooperation on policymaking.

What national and international policies and support measures can help address the challenges of developing countries in electronic commerce (e-commerce) and the digital economy?

The COVID-19 pandemic has made apparent that a significant part of the global population remains digitally excluded. More needs to be done by way of countries improving their policies and regulatory frameworks affecting digital transformation and by catalysing innovative and inclusive technology and business models for digital access. Equally, further work is required to launch programmes to build local digital capacity and support digitally underserved communities. This includes promoting local digital platforms from public, private and third sectors to improve digital and data analytical skills and capability, advance digital inclusion, and build thriving regional economies.

The UK Government has an established portfolio of carefully targeted programmes to address digital exclusion at the national, regional, and international level to help support developing countries in digitalising their economies.

Within the UK, to improve digital skills and capability, advance digital inclusion and build thriving regional economies, the UK Government has launched several Digital Skills Partnerships that bring together organisations from the public, private and third sector. One example is the 'Skills Toolkit', launched at the start of the COVID-19 pandemic. This is a free online learning platform to improve workplace skills.

The UK has also introduced several projects to increase skills in data analytics and handling domestically, to ensure data can be used as a force for good in e-commerce. The UK Government is working with an industry-led Data Skills Taskforce to help implement key

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[8] UK Board of Trade (2021): Digital Trade: A Board of Trade Report; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1035370/digital-trade-a-board-of-trade-report.pdf [PDF link]

elements of the Analytic Britain report produced by Nesta and Universities UK[9]. The report has set out several proposals to raise the levels of data analysis education and skills provision in the UK. These skills are crucial for developing the innovators of the future in big data and artificial intelligence.

Certain groups, such as women and people with disabilities, face a greater risk of digital exclusion. To address this, the UK has established the Digital Skills Innovation Fund to support initiatives that aim to help underrepresented groups or people from disadvantaged backgrounds get into digital roles or further training. The UK Government has provided over £1 million in funding for regional initiatives aimed at helping people take up digital roles[10].

The UK is actively engaged at the international level to help address the challenges of developing countries in e-commerce and the digital economy. The UK Government's Digital Access Programme (DAP)[11] helps to address the fundamental constraints to responsible and sustainable digital inclusion and transformation (e.g. last-mile connectivity) through technical assistance and capacity building in Kenya, Nigeria, South Africa, Brazil and Indonesia. In the context of the COVID-19 pandemic, the DAP has pivoted to supporting digital inclusion as a key enabler of pandemic response and mitigation. This has included initiatives such as promoting affordable and sustainable connectivity for health centres and schools in remote areas, supporting telemedicine national strategies, and cybersecurity and data protection toolkits for MSMEs.

Through the SheTrades Commonwealth programme[12], the UK has supported women-owned businesses to take advantage of online trading opportunities, including through the use of digital platforms. This work is particularly important in the context of the COVID-19 pandemic, as it has helped businesses in 30 countries across Africa, Asia, South America, the Caribbean and Europe to adapt their operating models and maintain client bases during global lockdowns.

The UK Government has supported the SITA initiative ('Supporting Indian Trade and Investment for Africa')[13] which promoted increased African exports to India, including through the #SheGoesDigital project. This initiative was created to provide training in high-demand skills (including data analytics) to young Kenyan female university graduates from marginalised backgrounds, some of whom are using new digital skills to export products to international markets for the first time[14].

The COVID-19 pandemic has highlighted the fundamental role that digital ID data and government-to-person (G2P) payment ecosystems can play in helping countries to deliver services and social assistance to their people rapidly, effectively and responsibly. The UK Government supports the World Bank's Identification for Development (ID4D) Programme[15], which produces evidence and guidance on the best approaches for building trusted, secure and inclusive digital identification systems. The programme also brings implementers together to share lessons and experiences of what works and why, and provides direct technical support to countries to help with the roll-out of digital identity systems.

[9] Nesta and Universities UK (2015): Analytic Britain: Securing the right skills for the data-driven economy; https://www.nesta.org.uk/report/analytic-britain-securing-the-right-skills-for-the-data-driven-economy/
[10] GOV.UK (2018): New funds to boost diversity of people working in digital and tech jobs; https://www.gov.uk/government/news/new-funds-to-boost-diversity-of-people-working-in-digital-and-tech-jobs
[11] UK FCDO Development Tracker: Digital Access Programme; https://devtracker.fcdo.gov.uk/projects/GB-1-204963/summary
[12] UK FCDO Development Tracker: SheTrades Commonwealth; https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300593/summary
[13] UK FCDO Development Tracker: Supporting Indian Trade and Investment for Africa; https://devtracker.fcdo.gov.uk/projects/GB-1-202762/summary
[14] Strathmore University (2023): National Policy Plans in East Africa for Skilling of Digital Workers for Industry 4.0; https://cipit.strathmore.edu/national-policy-plans-in-east-africa-for-skilling-of-digital-workers-for-industry-4-0/
[15] UK FCDO Development Tracker: Digital Identity as an Enabler for Development; https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300745/summary

What are the implications of cross-border data flows at the regional and international levels in relation to the achievement of the 2030 Agenda?

Data has become an important resource for the global economy. Cross-border data flows can contribute to achieving the economic, social and environmental objectives of the 2030 Agenda. New methods of data collection can help generate greater insights into how Sustainable Development Goals (SDGs) are being achieved through intelligence derived from real-time data. These insights can be incorporated into policymaking to help serve people and the planet[16], regionally and internationally.

For example, the UK is using pioneering digital technologies, such as artificial intelligence, to crack down on global challenges as part of a world-first 'data trust' programme[17]. More than £700,000 has been invested in the initiative to tackle issues such as illegal wildlife poaching and food waste mountains. The funding is helping organisations such as WILDLABS Tech Hub and WRAP to design the frameworks required to exchange data between organisations in a safe, fair and ethical way. The aim of the scheme, run by the Open Data Institute and the UK Government's Office for Artificial Intelligence, is to exploit the power of data exchange between organisations with the raw data and those with expertise to process it to tackle major global issues. Cross-border data flows are the key enabler of efforts such as this.

A key part of the UK Digital Strategy is the availability of public datasets. This drives public service transformation, business growth and democratic engagement, supports research communities, and helps to create an innovative environment that has already fostered an array of successful data-driven companies. The UK is partnering to support initiatives in this space globally, such as the USEDATA programme. This programme aims to make the currently expanding pool of open data related to oil, gas and mining more accessible and understandable to a range of data users, including local communities, civil society, media and journalists, and investors in Africa and Asia-Pacific.

The examples above illustrate how data and digitalisation can contribute to SDGs through real-time monitoring of environments, habitats, and technologies. On another note, given their global nature and key role in goods and services trade, data flows are increasingly being discussed in digital trade negotiations. These discussions are predominately related to SDG 8 (economic growth). Examples include bilateral free trade agreements and the WTO E-Commerce Joint Initiative.

What is the best way to contribute to the debate on data governance to maximize the development potential of data?

Currently, there is a lack of globally agreed understanding of basic concepts related to data and data flows. Therefore, international cooperation on policymaking is vital to move forward the debate on data governance and to ensure approaches are compatible and balanced. This will help to ensure that all countries can reap the benefits that sharing data across borders offers through an open and collaborative effort.

The UK is a global champion of a free, open, and competitive digital economy and is ready to work closely and collaboratively with countries to maximise the development potential of data. This is illustrated in the UK's Digital Trade Objectives, which include data flows and

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[16] UNCTAD (2023), How to make data work for the 2030 Agenda for Sustainable Development; https://unctad.org/system/files/official-document/tdb_ede6d2_en.pdf [PDF link]
[17] GOV.UK (2019): Digital revolution to use the power of data to combat illegal wildlife trade and reduce food waste; https://www.gov.uk/government/news/digital-revolution-to-use-the-power-of-data-to-combat-illegal-wildlife-trade-and-reduce-food-waste

international cooperation and global governance[18]. The UK champions data flows internationally, opposes unjustified barriers to data crossing borders, and emphasises high standards for personal data protection.

Multilaterally, we used our G7 Presidency in 2021 to rally the G7 around a ground-breaking and comprehensive set of Digital Trade Principles[19]. These include guiding the development of rules and norms for digital trade and a specific principle on championing Data Free Flow with Trust. The UK supports other ongoing multilateral initiatives to tackle the fragmentation of global rules governing digital trade, including data policies. For example, negotiations are underway in the WTO to make global digital trade rules, including on data, fit for 21st century trade through the E-Commerce Joint Initiative (JI). The UK encourages all countries to participate in these discussions as we want the rules on digital trade to work for all economies, including developing countries and LDCs. International standards for data governance will increase business certainty and support interoperability between different digital systems, meaning that new goods and services can be brought to multiple markets more easily. This will benefit businesses, especially MSMEs, and consumers around the world.

The UK has supported developing countries' and LDCs' participation in WTO negotiations, including the E-Commerce JI, through the Trade and Investment Advocacy Fund (TAF2+) programme[20]. This support has included national stakeholder workshops in some participating countries and the production of an in-depth national analytical study for those countries, to help formulate negotiating positions for the WTO E-Commerce JI, including on data.

Another way to contribute to the debate on data governance is bilaterally. Here, the UK's new free trade agreements ensure that the UK and its trading partners can benefit from free and trusted data flows, while providing a strong and legally enforceable guarantee that personal data will be protected when it crosses borders.

Conclusion

It is clear that data has become an important resource for the global economy, which is itself increasingly digital. However, this has also brought some challenges. For example, developing countries may have concerns regarding the costs of implementation of data policies and digital policies more generally, as well as regarding the skills required to manage this process. In the case of data, this is particularly because there are many developing countries that have not yet established independent data privacy enforcement authorities, and so handling data of citizens in diverse jurisdictions, which are subject to multiple data regimes with different underlying objectives, may cause tensions.

To address these challenges, international cooperation on policymaking, including through multilateral and bilateral negotiations, is vital to contribute to globally agreed understanding of basic concepts related to digital trade, including data and data flows. This is to ensure approaches are interoperable and balanced. Carefully targeted programmes remain essential to addressing digital exclusion locally and globally and to help support countries in digitalising their economies. Taken together, these initiatives will help to ensure that all countries can access and reap the benefits that digitalisation offers.

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[18] GOV.UK (2021): UK Digital Trade Objectives; https://www.gov.uk/government/publications/digital-trade-objectives-and-vision/digital-trade-objectives
[19] GOV.UK (2021): G7 Trade Ministers' Digital Trade Principles; https://www.gov.uk/government/news/g7-trade-ministers-digital-trade-principles
[20] UK FCDO Development Tracker: Trade and Investment Advocacy Fund (TAF2 Plus); https://devtracker.fcdo.gov.uk/projects/GB-1-204715/summary