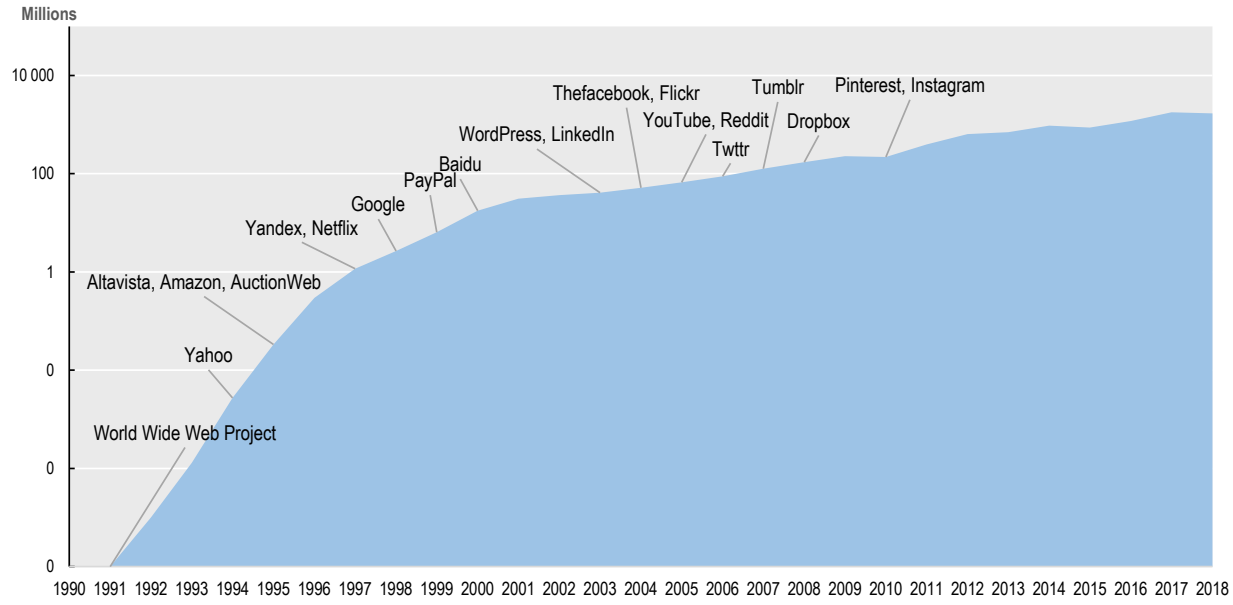
# Digital enablers of the global economy

- Online platforms enable transactions and interactions around the world, but raise significant concerns regarding competition and consumer protection.
- Data flows facilitate communication, trade and co-operation across borders, but governments increasingly place conditions on them in efforts to meet their regulatory objectives.
- The uptake of digital services and products has not been matched by advances in security. This exposes governments, businesses and individuals to risk, undermining confidence in digital transformation and its social and economic benefits.
- Policy responses to global digital challenges tend to be at the country level. A global policy approach is needed to prevent fragmentation and encourage global digital economic activity.

Since its launch in 1991, the World Wide Web has grown exponentially: from a single site, to one million in 1997 and over a billion today. From humble and seemingly inconsequential beginnings, the Web has transformed into the foundation of the global economy – generating new business models, economic transactions and social interactions, and unprecedented access to information in almost every corner of the world. The digital revolution now engages over half of humanity, but its all-encompassing nature has led to a multitude of challenges.

**Number of websites, 1991-2018**




Source: Netcraft (2022), Web Server Survey, news.netcraft.com/archives/category/web-server-survey/; Gray (1996), Web Growth Summary, www.mit.edu/people/mkgray/net/web-growth-summary.html

## Online platforms

A handful of online platforms have become household names, attracting policy and public attention, skills, data and revenue. These platforms enable economic activity by opening up markets and encouraging interactions and transactions between consumers and businesses. Some argue that the bigger platforms enjoy durable market power, amid broader evidence that suggests that competitive intensity is waning in digital markets. Other concerns include scams, unsafe and counterfeit products, and fake ratings and reviews that exist on many prominent online marketplaces.

To address these issues, national governments are considering measures for online platforms such as:

- Data portability and interoperability mechanisms that can support competition and individual control of personal data.
- Obligations to limit self-preferencing (e.g. where a platform also sells on a marketplace that it operates) and bundling (e.g. where a platform packages multiple products together, such as operating systems and devices).
- Fair business practice obligations, including transparency regarding advertising policy and algorithms used.
- Compulsory notification to regulators of all relevant mergers and acquisitions.
- Product safety pledges, and potentially greater liability for the actions of users on platforms.

These measures can differ substantially across jurisdictions. A fragmented policy and regulatory landscape, however, can lead to uncertainty for users, including small and medium-sized enterprises, as well as the platforms themselves.

## Cross-border data flows

Data flows underpin international trade in goods and services. However, the flow of data across borders can raise policy concerns, including those related to privacy and data protection, security, intellectual property protection and regulatory access.

Governments are putting conditions on cross-border data flows, but in different ways. Measures often apply to different types of data and sectors, and definitions and concepts can vary. Some of these mechanisms include:

- Broad accountability principles with extraterritorial reach.
- Specific safeguards for cross-border transfers.
- Contracts between the entities exchanging data.
- Case-by-case reviews and approval of each data transfer abroad.

The variation in the scope and application of such mechanisms means that firms face a complex and uncertain global landscape. Improving trust between countries with regard to these measures could reduce fragmentation while resolving challenges. International co-operation is key to promoting “data free flow with trust” to the benefit of the global economy.

## Digital security

Digital security has not kept up with the breakneck pace of digital transformation. Malicious actors can exploit vulnerabilities in software, for instance in connected devices, but manufacturers often do not have internal processes to counter this. Ransomware and other cyberattacks are a growing threat across the world, and harm businesses, governments and individuals, threaten critical activities, and undermine trust in digital transformation.

Companies can lack incentives to address these issues, since digital security risks are so hard to pin down. Complex supply chains for connected goods can also make it difficult to determine who is responsible for security. Ultimately, market forces alone cannot be relied on to ensure a sufficient level of security. Digital service providers operate across borders, are subject to different frameworks and requirements, and may be vulnerable to malicious actors from anywhere. Because these are truly global challenges, countries need to take coherent, co-ordinated policy action based on internationally recognised principles to address them effectively.

### Related ministerial sessions

- **Strengthening the foundations for digital security across products and services**: 17:15-18:30, 14 December 2022
- **Fostering trust in cross-border data flows**: 9:30-10:45, 15 December 2022
- **Shaping policies for online platforms**: 11:15-12:30, 15 December 2022

### Further reading

OECD (2022), “Digital enablers of the global economy: Background paper for the CDEP Ministerial meeting", *OECD Digital Economy Papers*, No. 337, OECD Publishing, Paris.