

INTAL CONNECTION

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Protectionism 4.0: From Trade War to Data War



You've probably heard it already: "data is the new oil." Although this comparison is overly simplistic in many ways, it is a reminder that data feeds much of the transformative technology around us today, including artificial intelligence (AI), automation, and advanced predictive analysis. By using data, these technologies are bringing about huge increases in productivity and giving new momentum to globalization. While international flows of trade and investment have stagnated or decreased since 2008, digital flows, which send ideas and innovation all over the world, are continuing to grow at a rapid pace.

Artificial Intelligence: Latin America Opens up to Development

The growing use of AI to automate processes, increase productivity, and improve the development of products and services is spreading through Latin America, prompting new business initiatives that may impact e-commerce, finance, transportation, education, health, and logistics.

According to the consultancy firm Gartner, the global market for AI will be worth around US\$1.2 trillion this year, 70% more than 2017. The figure is set to nearly double over the next four years: Gartner projects turnover of US\$3.9 trillion for 2022. This value will mainly come from the use of AI to improve customer experience, cut costs, and add value by optimizing production and distribution processes. According to a report from the company, “AI promises to be the most disruptive class of technologies during the next 10 years due to advances in computational power, volume, velocity, and variety of data, as well as advances in deep neural networks.”

Measuring the Economy in the Digital Era

In recent years, the digital economy has come to occupy an important place in economic debate. Latin America has taken steps toward creating a common agenda (eLAC2018, MERCOSUR, Pacific Alliance, CARICOM, SICA), as have other regions (the Digital Agenda for Europe). In 2017, the members of the G20 agreed on a roadmap for the digital economy. It is hoped that the priorities during Argentina’s presidency of the G20 in 2018 will be digital governance, economy 4.0 and the future of employment, digital infrastructure and accessibility, the digital gender divide, and the creation of a G20 toolkit to measure the digital economy. Interest in these areas is rooted in the exponential growth of the digitization of economic activity, particularly in the 21st century.

Opportunities for E-Commerce in Latin America and the Caribbean

In the first quarter of 2018, the value of exports from Latin America and the Caribbean grew at a year-on-year rate of 10.6% in comparison with the same period in 2017, according to the half-yearly update of the Inter-American Development Bank (IDB) publication *Trade Trend Estimates*. However, this increase remains below the 11.9% growth of 2017, mainly because the prices of commodities like sugar, coffee, soy, and iron have come down or leveled off. Export volumes continue to grow at a year-on-year rate of around 4%, driven mainly by sales from Brazil, Mexico, Colombia, and Argentina. Information and communication technologies (ICTs) have been revolutionizing the ways in which international trade is conducted. By bringing down trade-related costs, ICTs close the gap between buyers and sellers, creating new opportunities for trade. Although e-commerce remains marginal in Latin America, it has grown substantially in recent years. For example, business-to-consumer (B2C) sales in the region reached US\$47 billion in 2015, a 24% increase on the previous year.

E-Commerce: The Silver Bullet for SMEs

INTAL Connection spoke to Dr. Kati Suominen about the impact that new technologies are having on international trade, with a particular focus on the opportunities that e-commerce may offer SMEs and the challenges it poses both globally and in the region. Dr. Suominen's interest in e-commerce was sparked by the fact that, unlike in traditional international trade, SMEs can take part in transnational e-commerce on equal footing with large companies. E-commerce is "almost like a magic wand for small companies wanting to export, which is something that we had been looking for in international trade for years." Dr. Suominen discussed the main barriers to transnational e-commerce, including her view of digital regulations, particularly the General Data Protection Regulation (GDPR), which has recently been implemented in Europe. More broadly, she suggests that new technologies such as 3D printing will inevitably bring about changes in the patterns of global trade and will have positive impacts by reducing restrictions relating to distance and the cost of red tape in developing economies like Latin America's. However, there are growing risks for economies that are unable to develop the skills to compete in the digital economy.

Digital Causes

Teaching NGOs to use digital solutions to manage their projects was the aim of the eighth Festival for Innovation and Social Technology (FITS), which was held on May 4, 2018, in Buenos Aires, attracting 4300 NGO staff members and volunteers. Similar events will be held later this year in Mexico and Colombia. It was organized by the NGO Wingu and included workshops, seminars, and panel discussions with 315 speakers. The event took place at the Konex Cultural Center and covered topics as varied as civil technology, campaigns to attract volunteers, online communication, teamwork, innovation, fundraising strategies, IT security, gender and technology, creativity, and agile methodologies.

MIT Media Lab: Life-Changing Technologies

On May 8 and 9, 2018, the MIT Media Lab held its Spring Member Meeting, at which team leaders and researchers from the 25 groups working at the lab presented their main areas of research and the projects they are working on. At the event, which was live-streamed, experts also presented numerous prototypes for the solutions that they are developing. The lab was created in 1980 and its teams are currently working on 450 projects in different fields. The research areas discussed at the event included the development of new capabilities for intelligent machines, human-machine interfaces, programming languages for children, smart cities, aerospace technology, synthetic neurobiology, biomechatronics, bioengineering, studies on everyday life and artificial intelligence, genomics, social networks, sensors, and microbiology.

Peru and Ecuador To Improve Their Land-Based Connections

The main aim of this project is to improve land-based transportation services on the so-called International Highway of the North, a stretch of the Pan-American Highway that runs between the city of Sullana, in Piura department, Peru, and the border with Ecuador. Improving road conditions and increasing the highway's capacity will reduce travel times between destinations, improving logistics costs and safety conditions for international freight transportation through the Aguas Verdes–Huaquillas Border Crossing, the main overland checkpoint between the two countries. Work is expected to be complete on this structured project in 2018 and represents a total investment of US\$666 million, broken down into three construction projects: the upgrading of the Sullana–Tumbes turn-off to the international bypass road to a four-lane road; the rehabilitation and construction of bridges along the Sullana–Tumbes turn-off to the international bypass road; and construction of the Tumbes bypass.

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