



Preliminary Considerations for a Single CARICOM Regulatory Authority

CTU ICT Week 2021
Caribbean Regulators' Forum
Thursday September 23, 2021
11:00– 11:30 a.m.

Annalee C. Babb, Ph.D.
ITU Consultant
Founder | Chief Executive



A CONFESSION

- Began my telecoms | ICT career looking at the policy | regulatory implications of digital convergence | telecoms liberalisation | deregulation
- PhD: *Small States, the Internet & Development: Pathways to Power in a Global Information Society – 6-Layered Model of Societal Access*
- Have since moved on to investment | export promotion, tourism development, cultural | creative economy, innovation | entrepreneurship | start-ups
- This assignment brings me back to my beginnings in ICT policy, legislation & regulation

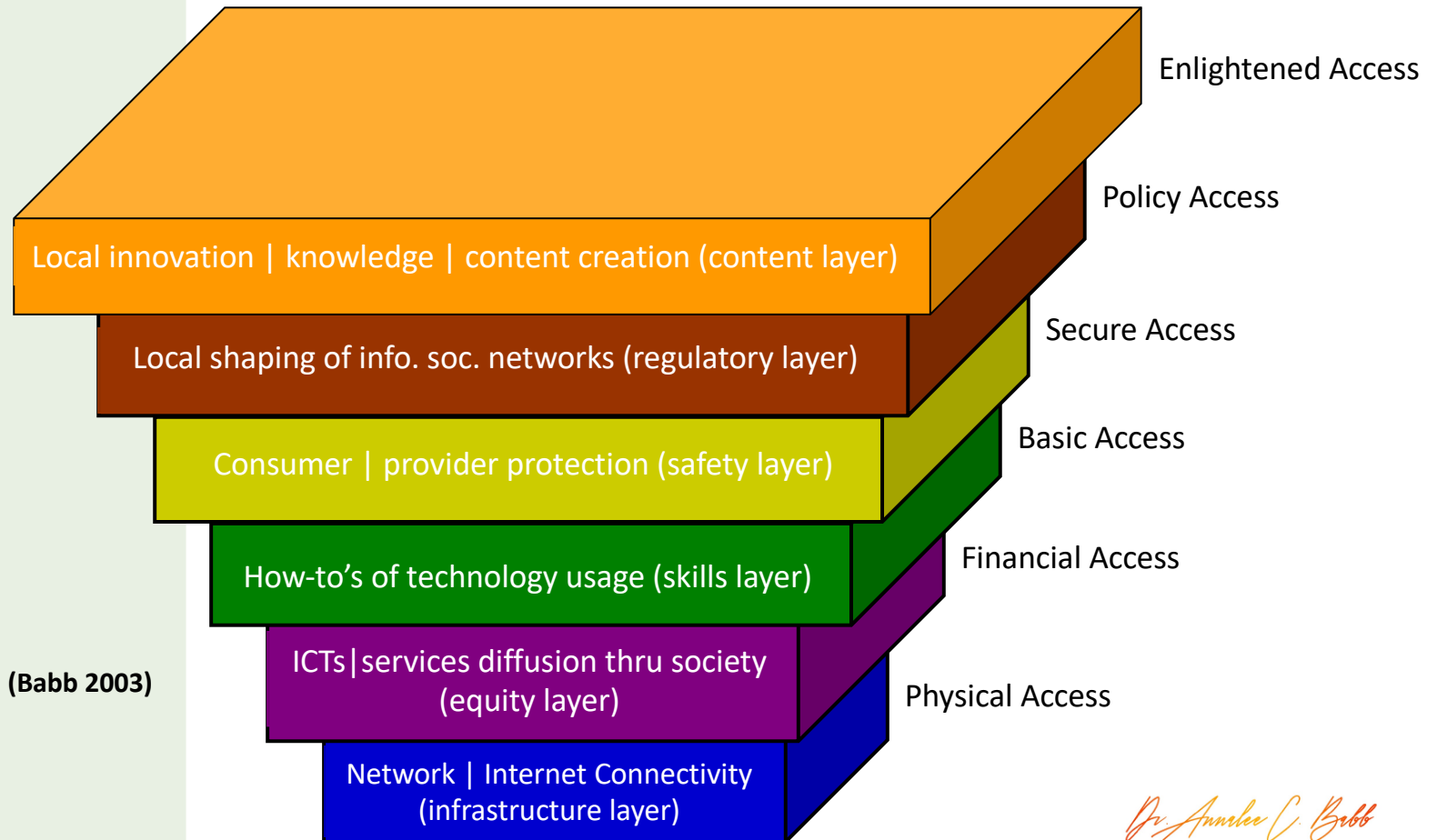
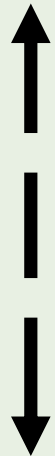
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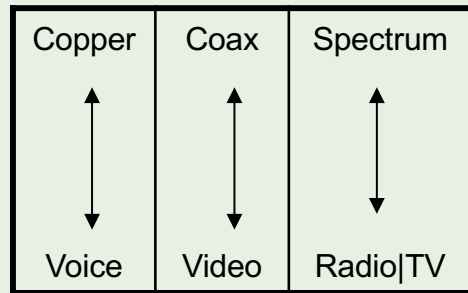
LAGGING DIGITAL ACCESS

Consumers to high-value-added producers

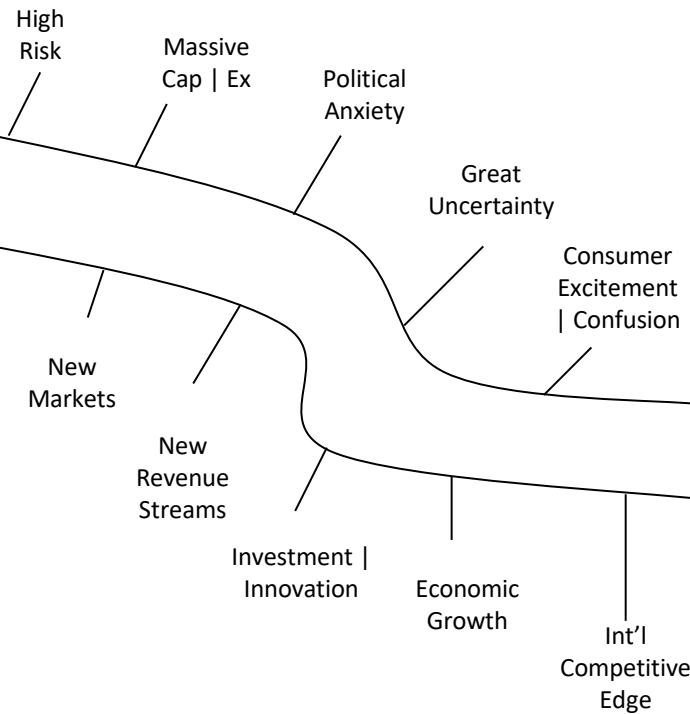
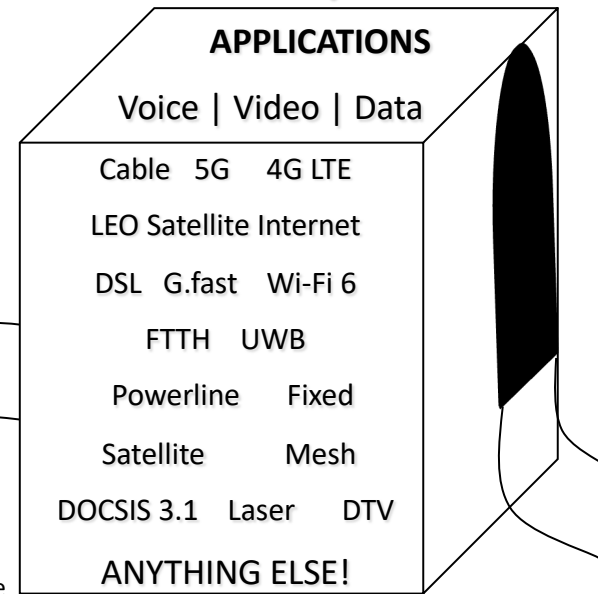


DIGITAL CONVERGENCE

OLD WORLD ANALOG | NARROWBAND



NEW WORLD DIGITAL | BROADBAND

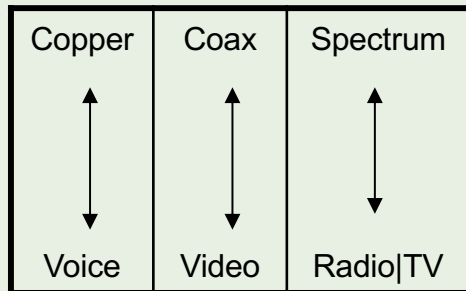


Patrick A. Boateng, International Bureau, FCC
COMESA ICT Policy Forum
Kigali, Rwanda, September 2004

DIGITAL CONVERGENCE

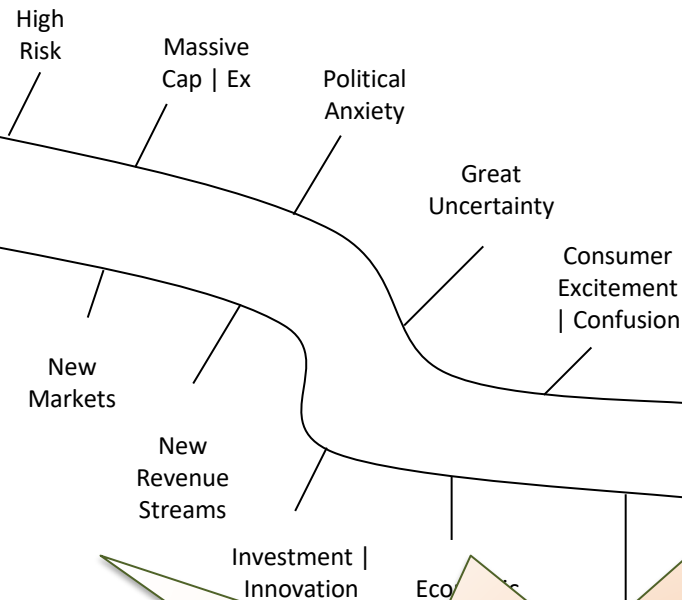
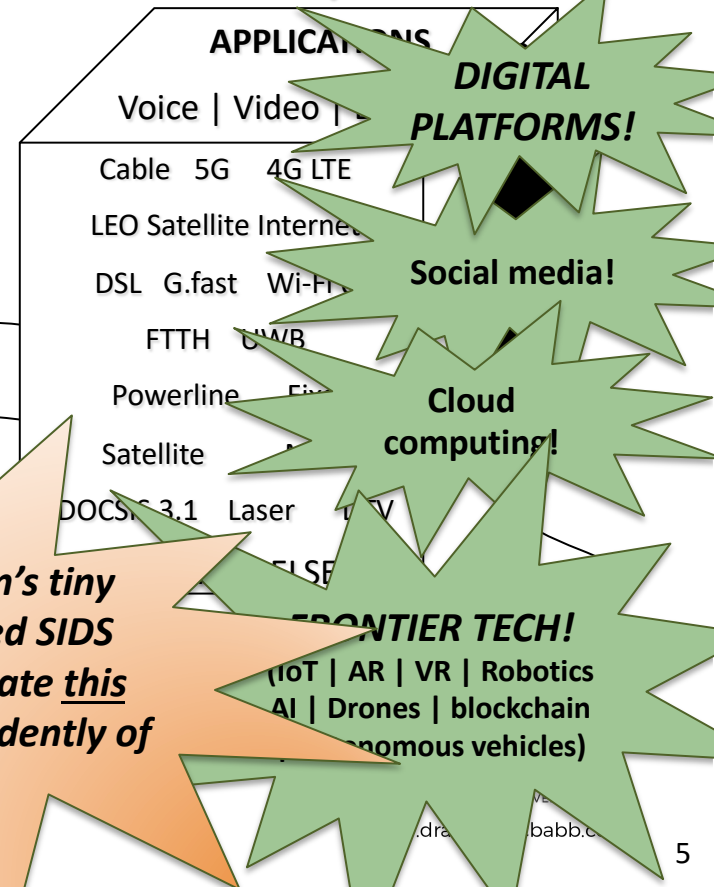
OLD WORLD

ANALOG | NARROWBAND



NEW WORLD

DIGITAL | BROADBAND



How can the region's tiny resource-challenged SIDS even begin to regulate this effectively | independently of each other?

Patrick A. Boateng, International Bureau, FCC
COMESA ICT Policy Forum
Kigali, Rwanda, September 2004

BACKGROUND

- In March 2014, CARICOM HOG directed establishment of a Single Regional ICT Space to enhance investment & production via the digital economy ... with clear timelines ... 2014 to 2019
- Part of the mandate included regional harmonisation of ICT policy, legal & regulatory regimes

REGULATORY HARMONISATION

- This regional harmonisation of ICT policy, legal & regulatory regimes was to include:
 1. *Modernisation of outdated national policies to take account of **technological & regulatory evolution***
 2. *Identification & resolution of **policy & institutional inconsistencies** among member jurisdictions*
 3. *Guarantee of **independence of the regulatory system** by law & practice*
 4. *Strong **governance** structures, systems & procedures*

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WE HAVE RUN OUT OF TIME

- *We are approaching the end of 2021 & the directive has not been fully effected*
- **AND** there is a perfect storm brewing that threatens the Caribbean's current & future ICT development
- I've sounded similar warnings over the years, most recently prior to the pandemic concerning the critical need to restructure regional ICT, telecoms & innovation frameworks to meet emerging challenges
- We have not moved quickly enough
- We ignore current imperatives at our great risk

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THE PERFECT STORM

- At least 7 imperatives are driving what could be catastrophic change for the regional ICT | telecoms sector:
 1. Climate change | *lack of climate resiliency* | insurance deductibles
 2. COVID-19 pandemic | *unprecedented acceleration to digital spaces*
 3. Escalating | increasingly sophisticated | state-sponsored | *cyber-security threats*
 4. Nationalist | right-wing | populist movements using *social media* to spread *disinformation* | destabilise governments
 5. *Consolidation of corporate wealth* | market cap of big-tech firms
 - Tech's top seven companies added \$3.4 trillion in value in 2020 | top 5 = \$7.5T total MC
 6. Consolidation of individual wealth | *growth in global inequality*
 - 2,365 billionaires got 54% richer during the pandemic | adding \$4T to their wealth
 7. *High risk vendors (HRVs)* | removal of telecoms equipment believed to threaten US | UK | EU nat'l security *by 2025* | *push to 5G*

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THE PERFECT STORM

- At least 7 imperatives are driving what could be a perfect storm for change for the regional ICT | telecoms sector
- 1. Climate change | **lack of climate resiliency** | in
- 2. COVID-19 pandemic | **unprecedented acceleration** | in
- 3. Escalating | increasingly sophisticated | state-sponsored **cyber** **security threats**
- 4. Nationalist | right-wing | populist movements using **social** **media** | spread **disinformation** | destabilise governments
- 5. **Consolidation of corporate wealth** | market cap of big-tech **increasing**
 - Tech's top seven companies added \$3.4 trillion in value in 2020 | top 7 added \$7.1 trillion
- 6. Consolidation of individual wealth | **growth in global** **wealth**
 - 2,365 billionaires got 54% richer during the pandemic | adding \$4T to net worth
- 7. **High risk vendors (HRVs)** | removal of telecoms equipment **from** **US** | UK | EU nat'l security **by 2025** | **push to** **5G**

BTC | Dorian | 2019 | Cat. 5 Hurricane | worse natural disaster in island's history | US\$25M damage to network infrastructure | insurance pay out?

OTT Services? Reg? Tax?

Major cost | pricing | environmental | health implications of move to 5G

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IMPLICATIONS

- The region's telcos will be pressured, if they are not already, to invest huge sums of money to upgrade | modernise | strengthen the resiliency of networks in an environment where digital platforms | competitors are eating their lunch, their business models are not keeping pace with the digital economy, revenues are falling, consumer expectations growing, & gov'ts demanding higher QoS | accountability | tax revenues
- There is no doubt in my mind the existing model has to change ... very soon
- But change to what? That's the multi-billion dollar question

JUAN MONTERO & MATTHIAS FINGER

- If you have not already, I strongly recommend you read **The Rise of the New Network Industries: Regulating Digital Platforms**
 - *... the existing legal and regulatory framework is not ready to face the challenges that the digital platforms pose*
 - *... as traditional players are subject to strict regulations regarding market power, ... platforms ... benefit from competition in an unlevelled playing field*

IAN WALDEN, EDITOR

- **Telecommunications Law & Regulation (5th Edition)**
 - ... *there is no 'one-size-fits-all' approach* [to regulation].
...each individual country must carefully analyse its specific market characteristics, legal foundations, regulatory and institutional capacity, and any political realities or tensions that might influence or shape a particular regulatory approach. The key to successful implementation of a new regulatory framework in developing countries is to combine the lessons learned from international experience with a deep understanding of local circumstances and priorities
- In other words, we have to create our own solutions

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KEY CHALLENGES IDENTIFIED BY OECD

- Precipitous pace of technological change
 - putting severe pressure on existing regulatory models ... frontier technologies are amplifying this challenge exponentially ... regulation simply can't keep up
- Structures not fit for purpose
 - blurring of boundaries between established markets | sectors | business models impacts scope of regulatory mandate | activities
 - digital businesses challenge traditional regulatory models because pricing in the digital economy can play by different rules
 - EX: giving up personal information whose value can be leveraged by digital platforms in return for “free” digital products or services

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KEY CHALLENGES IDENTIFIED BY OECD 2

- Enforcement
 - EX: difficulty of enforcing copyright | IPRs as digital platforms offer new ways to distribute content
- Cross-border regulation
 - Digital technologies can straddle multiple regulatory regimes, creating potential for confusion | risks
 - Digital content | services also span national | jurisdictional boundaries, drastically increasing cross-border flows | transactions
 - Digitisation gives businesses global reach even as they can locate different production processes in different countries
 - Companies can avoid compliance wrt physical presence, internal tax policy, data protection | other regulated areas

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BOTTOM LINE

- Digital convergence is profoundly transforming life for everyone everywhere
- Severely challenging governments' traditional regulatory models, blurring lines between established markets | sectors | business models, challenging enforcement mechanisms, transcending domestic | regional | global governance
- Caribbean's existing | fragmented regulatory frameworks lack the agility to respond effectively to rapidly accelerating technological change
- The pace | impacts of change are staggering

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OPTIMAL APPROACHES

- Level of complexity too great in policy | regulatory spheres as frontier technologies continue to converge
- As digital platforms consolidate, their power grows
- Costs to governments | citizens of ineffective regulation will rise exponentially
- Caribbean must adopt “whole-of-government” “whole of region” approach to policy | legislation | regulation:
 - Single **regional regulatory authority** working with nat’l regulators
 - Restructure | empower CTU (**R&D | policy | ICT innovation driver?**)
 - Engaging broad | diverse range of **stakeholders**
 - Investing in **policy R&D**
 - Undertaking **early regulatory impact | risk assessments** of policy making processes
 - Carrying out **regular post-implementation reviews | corrections**
 - Ensuring **international regulatory collaboration**

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OPTIMAL APPROACHES

- ICT | telecoms so vital to current | future development they ought to be under direct purview of CARICOM HOGs – individually & collectively – until greater traction achieved
- Scale | scope of needed transformation & consequences if change not accelerated too significant to continue doing what we have always done
- Perfect storm of 7 imperatives I outlined threatens region's socio-economic survival
- If we do not respond more rapidly | effectively, we could see ICT | telecoms development drop precipitously
- W/ impact of global pandemic | climate-related environ. shocks | loss of jobs | economic opportunities | growth, the region can't afford to roll back digital transformation too

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NEXT STEPS

- CARICOM | CTU | ITU-sponsored assessment for Regulatory Compliance [Phase I]
- Dialogue with | feedback from key Caribbean regulatory authorities | stakeholders
- Review of regulatory environment
- Analysis of regional regulatory frameworks | key challenges
- **Conceptual framework** for regulatory harmonisation | consolidation



THANK YOU!

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