

OPINION PIECE

Enabling and regulating the digital economy

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The internet is the twenty-first century's Silk Road, powering trade across the globe in ways heretofore impossible. The internet arrived on many nations' shores without much prior preparation by governments, and it would take time to see how the internet would transform every part of life – from socializing, to learning, to creating. Regulators were often left struggling to catch up, eager

decision-making and taxation. Even local governments have found themselves grappling with taxi and hotel regulations and, on occasion, smart city deployment. As data has emerged as the lifeblood of the digital economy, governments have sought

The rise of cloud computing, in which the storage and processing of information are provided as a service from remote computers, gives individuals and companies access to powerful computers that they could not otherwise afford on their own. Cloud computing, however, increases jurisdictional complexities. The United States recently adopted the "Cloud Act" to promote regulated data-sharing across borders. Governments have become increasingly concerned about the movement of data across borders, but national measures mandating that data be localized at home by their very nature disfavour foreign providers. Eleven Pacific states have adopted a free trade agreement – the CPTPP – that ensures that restrictions on cross-border data flows will be justified by legitimate public policy interests, rather than used to discriminate against foreign suppliers. Privacy, cybersecurity and traditional consumer protection have become critical components of international trade, and trade agreements will have to assure these values.

The regulatory framework will find new challenges in the latest technological innovations. The internet undergirds the most revolutionary technologies of this century, including smart cities, the sharing economy, virtual and augmented reality, artificial intelligence, and robotics. Such technologies will require both enabling and regulatory interventions, both at the national and international levels.