

## Future-Oriented Policies for Digitalization: B20 demands clearer action plans

### B20 Evaluation of the G20 Digital Economy Ministerial Declaration

Following the meeting of G20 Ministers responsible for the digital economy on April 6 and 7, 2017, the B20 welcomes the continued acknowledgement of opportunities and benefits of digitalization.

While the B20 agrees with the importance of issues covered by the declaration, like connectivity, digitalization of production, and strengthening trust, the B20 regrets that the declaration lacks specification of and commitment to concrete actions. From enabling cross-border data flows to propelling the expansion of ICT coverage: concrete measures, international coordination, and collective actions are badly needed.

Furthermore, the B20 strongly regrets that cybersecurity and emerging technologies like artificial intelligence were only marginally addressed in the ministerial declaration and roadmap. This is contrary to forward-looking policy agendas and concrete actions that are required in times of accelerating digitalization.

The concrete B20 policy proposals can be seen [here](#).

### Shaping Digitalization for an Interconnected World

The B20 welcomes the acknowledgement that digitalization is a driver of inclusive economic growth and plays a significant role for development. The B20 particularly welcomes the emphasis placed on goals of the 2030 Agenda for Sustainable Development. The B20 strongly agrees that digitalization can play a crucial role for the development of countries and societies.

Key to leveraging this potential is to overcome remaining obstacles to an inclusive digitalization. Sharing best practices among relevant stakeholders can indeed help find appropriate policy measures.

In that regard, the B20 appreciates the recognition of the critical importance of the private sector and enterprises in the digital economy. Taking into account businesses' needs and requirements but also their role in leveraging the benefits of digitalization is of vital significance for targeted action to foster broadband access, the provision of local content, and the development of standards for an interconnected economy.

### Global Digitalization – Harnessing the Potential for Inclusive Growth and Employment

The B20 welcomes the acknowledgement of innovative digital business models and the call to "consider principles that support investment and innovation". The B20 calls for G20 governments to avoid burdensome and needlessly constraining regulations. G20 members should review as well as adjust existing regulations and avoid the introduction of new policies that impede the use of emerging technologies, including big data and advanced data analytics. Specific innovation potential lies, for instance, in making appropriate public-sector data available for analytics and research projects.

The B20 strongly welcomes the emphasis put on connectivity. The B20 supports the reaffirmed commitment to the Connect 2020 Agenda's goal of connecting the next 1.5 billion people by 2020 and the encouragement to deploy domestic connectivity to all people by 2025. The B20 recommends to encourage private sector investments in ICT by allocating more spectrum, considering the established and important principle of technological neutrality, and ensuring a simplified, market-oriented, and transparent regulatory environment. Overall, G20 members should minimize the regulatory burden for operators and service providers, reduce barriers to foreign direct investment, ensure fluid venture capital markets, and complement private investments with public funds in less profitable deployments and remote areas.

The B20 agrees that "connectivity and digital access alone are not enough". To support the demand side of ubiquitous connectivity, G20 members should foster public-private partnership initiatives for skill and capacity building – especially in developing countries. To better prepare business and people for the digital economy, governments have to work together with the private sector to understand current

and future skill needs. Curricula in schools, universities, vocational training, requalification programs, and continuing education should be regularly adjusted accordingly. All persons need to be enabled to excel in the digital economy and to adapt relevant, demanded skills at any point of their lives. The B20 welcomes the specific G20 focus on bridging the digital gender divide, including by increasing female participation in STEM education and employment.

### **Digitizing Production for Growth**

The B20 appreciates the acknowledgement of digitalization of production as a driver for global growth and new jobs. The B20 agrees that an in-depth understanding of its impacts and how it can be harnessed is needed. G20 members should facilitate the use and dissemination of technology solutions for Industry 4.0 and the Industrial Internet by increasing awareness of use cases and opportunities. The B20 welcomes that G20 members aim to encourage centers of excellence, digital hubs (for Start-ups), and clusters to inform and support MSMEs, as well as to explore synergies with various partners, including large companies.

The B20 welcomes the reaffirmation by G20 members that the development of standards should be industry- and market-led, based on principles of openness, transparency and consensus and that standards should not act as barriers to trade, competition or innovation. The B20 calls on all G20 countries to act accordingly and refrain from abusing standards to discriminate against foreign suppliers.

The B20 underlines that G20 members should foster voluntary cooperation in the industry-led development of globally interoperable standards and specifications across economic sectors and between both standardization organizations and market-driven initiatives. Governments should encourage the use and dissemination of consensus-based, globally relevant standards and specifications by referencing them in public procurement.

The B20 regrets that artificial intelligence (AI) has not been given more attention by the G20. Although, the G20 Ministers mention AI-related applications like smart farming, smart cities, and smart mobility, the overall significant potential of AI is neglected. The G20 should acknowledge the importance of international cooperation to exploit the potential of AI and make it a G20 agenda item under the Argentinean presidency.

### **Strengthening Trust in The Digital World**

The B20 welcomes the commitment to support the free flow of information but regrets that no concrete steps are taken to facilitate the transfer, access, or storage of information – or data – across borders.

The B20 agrees that a high level of privacy and data protection is an enabler of the digital economy. To effectively provide benefits, they have to be designed in ways that do not impede innovative business models and global interoperability. The B20 thus welcomes the recognition by the G20 of the importance of promoting interoperability of different countries' privacy frameworks. G20 members should commit to refrain from digital protectionism and should seek to find compatible standards for data protection on a voluntary basis. Particularly, G20 members should commit in trade agreements not to prevent the free flow of data across borders – without prejudice to clearly defined exceptions for the protection of privacy and security. Furthermore, governments should facilitate the use of instruments that enable the transfer of data without impeding the level of privacy – such as contractual clauses, binding corporate rules, or bilateral agreements like the Privacy Shield. This would particularly benefit SMEs.

The B20 agrees that trust and security are vital for harnessing the potential of the digital economy. It is regrettable, however, that the issue of cybersecurity is not adequately addressed. The number and reach of cyberthreats as well as cyberattacks is increasing along with greater connectivity. Cybersecurity has become one of the major concerns of companies across all industries. First timid steps taken by the G20 – like the encouragement of the use of risk-based technical standards, guidelines and best practices to identify, assess, and manage security risks – should be significantly expanded. To effectively advance security and interoperability, the G20 should encourage the development of a harmonized cybersecurity baseline framework. While the B20 welcomes that the G20 underlines the value of sharing experiences, information, and best practices, it should take concrete steps to improve voluntary exchanges through concepts for a global interoperable information-sharing platform under OECD guidance. Furthermore, the G20 has to further address the issue of responsible state behavior, which it touched upon in its 2015 Antalya communiqué.

## **Annex 1 – A ROADMAP for Digitalization: Policies for a Digital Future**

The B20 welcomes the "Roadmap for Digitalization: Policies for a Digital Future". Overall, the B20 agrees with the 11 policy actions set out in the roadmap. B20 explicitly welcomes action 5 "Support MSMEs in reaping the benefits of digitalization and addressing the challenges", action 7 "Enable all people to adapt to and excel in the digital economy and society", and action 11 "Bridging the Digital Gender Divide", which address cross-cutting issues of capacity building in the digital era. Nonetheless, besides the mentioned Connect 2020 Agenda goals regarding access, poverty reduction, and gender equality as well as the target to connect domestically all people by 2025, neither clear and measurable objectives nor precise timeframes have been specified.

The B20 calls on the G20 to implement the actions listed in the roadmap and to ask international organizations such as the OECD and UNCTAD to monitor respective progress.

## **Annex 2 – Digital skills in vocational education and training**

The B20 welcomes the emphasis put on digital skills by the G20 Ministers. The B20 agrees that digital skills and training provide the fundament to make the digital transformation inclusive. It is a precondition to bridge and prevent digital divides. The B20 welcomes the concrete policy actions set out in the annex paper.

At the same time, the B20 calls on the G20 to further acknowledge the role of the private sector in identifying, developing and maintaining the skills needed in the digital economy. Therefore, governments have to work closely together with the private sector to understand current and future skill needs.

## **Annex 3 – G20 Priorities on Digital Trade**

The B20 welcomes the acknowledgement of the importance of digital trade to boost inclusive growth and jobs. However, the tremendous potential of digital trade for SMEs and developing countries to lower transaction costs and provide easy access to a global marketplace is not sufficiently recognized by the G20. Digital trade is an opportunity for development rather than a challenge.

While the B20 agrees with most of the points made in the annex on digital trade, it would have wished for more ambitious and faster progress. Digital trade is not a future topic but already very much a reality.

The B20 appreciates the G20's acknowledgement of the importance to map and measure digital trade. A common understanding of its components is crucial, and should include cross-border e-commerce, trade with ICT goods and services, trade with digital products and services, as well as cross-border data flows.

While the B20 welcomes the fact that the G20 mentions MC11 in the framework of further constructive WTO discussions on e-commerce, it would have liked to see a clear support for a WTO negotiation mandate on digital trade including inter alia the aforementioned components of digital trade, as well as regulatory coherence and trade facilitation.

The G20 rightly identified capacity building in digital infrastructure, technological development, skills, transparent and predictable regulatory frameworks, and availability of payments solutions as crucial issues to enable participation in digital trade. The B20 welcomes the G20's agreement to jointly address these factors and strengthen collaborative efforts inter alia under the auspices of the eTrade for All initiative and by involving the private sector. Information on needs, requirements, and technical expertise by business is particularly important in capacity building for digital trade.

The B20 welcomes that exchanges of best practices and sound regulatory frameworks are acknowledged as crucial factors. However, the B20 recommends for the G20 to make clearer commitments that e-commerce-related policies are nondiscriminatory, interoperable, and oriented towards international standards where available. Voluntary regulatory cooperation – including through dialogues with private stakeholders – need to be further fostered.

## About Business 20

The Business 20 (B20) is the official G20 dialogue with the global business community. On September 4, 2016, the leading German business associations BDI, BDA, and DIHK, mandated by the German Chancellery, assumed the B20 presidency. Dr. Jürgen Heraeus is the B20 chairman.

Since September 2016, more than 700 representatives from companies and business association developed recommendations for the G20 on a consensual basis. B20 Germany is organized in eight working groups: "Trade and Investment", "Energy, Climate & Resource Efficiency", "Financing Growth & Infrastructure", "Digitalization and Employment & Education", "Responsible Business Conduct & Anti-Corruption", "SMEs" and "Health". Each group is headed by a chair and several co-chairs. The approximately 100 members of each group represent all G20 members and economic sectors.