



the voice of business

DIGITAL ECONOMY THE DRIVER FOR GROWTH

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Establishing Synergy between Economic Growth & Digitalization

Information and Communications Technology (ICT) has become pivotal for the G20 economies, presenting a multitude of socio-economic opportunities for both the public and the private sectors.

Digitalization of the economy is recognized as a key driver in fostering global integration; innovation and development for cost saving; development of new business models; creation of new jobs; reducing uncertainties and risks in production; increasing consumer choices and transparency in pricing; promoting competition; increasing efficiency of public services and global productivity of all sectors; promoting economic growth; simplifying fiscal fulfillments; positively impacting sustainability and the environment and improving quality of life.

Accordingly, skepticism of consumers, businesses and public administrators towards digital goods and digital services must be overcome to foster a digital culture.





Digital Economy is borderless by definition and therefore must be addressed globally in fora such as the G20.

As an enabler of growth in virtually every sector, Digital Economy is closely intertwined with the G20/B20 discussions on infrastructure, trade, growth and employment as well as transparency in financial flows.

However, since digital technology is disruptive in nature, its adverse effects must be contained and the process of integration of digital technology with other operations must be accelerated.

The G20 economies vary in their degree of digital maturity, therefore some issues and challenges differ from country to country while others are common to all.

Digital Economy:

Areas of Concern

Prominent issues facing the Digital Economy need to be addressed by all and, more pertinently, in a collective manner. These include:

- improving digital literacy for citizens and digital capabilities of the workforce
- creating and establishing global standards and benchmarks
- preserving the global nature of the Internet
- creating flexible technology-neutral legislations which can accommodate new technologies and rapid innovation cycles while promoting a competitive playing field among all players providing the same services
- facilitating public-private partnerships to efficiently allocate investment to maximize returns and growth potential
- optimizing cooperation between governments and industries
- providing the right framework to promote digital business, government and better cross-border services;
- advancing standardization
- strengthening of R&D

- planning an integrated industrial policy to achieve the digital transformation of all sectors (Industry 4.0)
- nurturing a common understanding on neutrality and openness across the Internet value chain and promoting transparency oriented regulation
- preventing (regional) fragmentation
- improving conditions to achieve the expansion of ultra-fast broadband infrastructure
- widening the scope for greater innovations in the value-chain matrix for enhanced market penetration and higher investment returns
- building digital confidence through a safer Internet experience and by empowering citizens to be in control of their personal data and its use across platforms and devices
- advancing international certification
- balancing consumer rights and trust, and promotion of innovation, in privacy and data protection regulation
- encouraging use of legal software and content and controlling piracy
- promoting cloud computing
- promoting Smart Cities



Implementing the Digital Agenda

Safeguarding Creativity & Innovation

The interface between the Digital Economy and Intellectual Property Rights (IPRs) is vital for fostering creativity, innovation and growth.

The Digital economy has opened new vistas for the content and its creators in terms of access to global markets.

Presently, intellectual property (IP) protection is seen as an important and effective policy instrument relevant for a wide range of socio-economic, technological and political concerns.



We recommend protection of the Intellectual Property Rights by providing an effective institutional framework to shield rights-holders and consumers alike while avoiding the creation of new barriers that could damage innovation which respects the legal framework.

Broadening the Knowledge & Skill Horizon

The base of digitalization must be progressively expanded and dissemination of ICT skills in enterprises must be encouraged.

A skilled workforce with the requisite knowhow, especially Science, Technology, Engineering, and Math (STEM) skills, will be crucial for the Digital Economy and, therefore, must be nurtured.

At the same time, restrictions on mobility of technology workers must be eased.



We recommend encouraging the use of ICT in businesses and the public sector, regardless of their area of activity, by framing best-practices guidelines. We also recommend improving the mobility of skilled workers by adopting a flexible approach towards entry of skilled technology workers and managers.

Building Multi-tier Technology Systems for SMEs

Technology infusion and enhancement is a critical element for the growth of SMEs.

Technology can help in curtailing cost of manufacturing, by enhancing labor productivity, reducing raw material wastage and minimizing energy consumption.

It can also help in streamlining manufacturing, sale and payment processes.

Moreover the increased use of ICT in business processes and products results in new sources of data which can form the basis for innovative services and business models.



We recommend extending incentives to SMEs for adopting and investing in appropriate technologies; through active participation with government, industry clusters, industry associations and private R&D institutions.

Facilitating Investment & Infrastructure

The constant requirements in infrastructure improvement – particularly in ultra-fast broadband access – need to be addressed.

High costs of infrastructure, uncertain financial underpinning, regulatory micromanagement and limited room for financial maneuverability are all obstacles to investment.

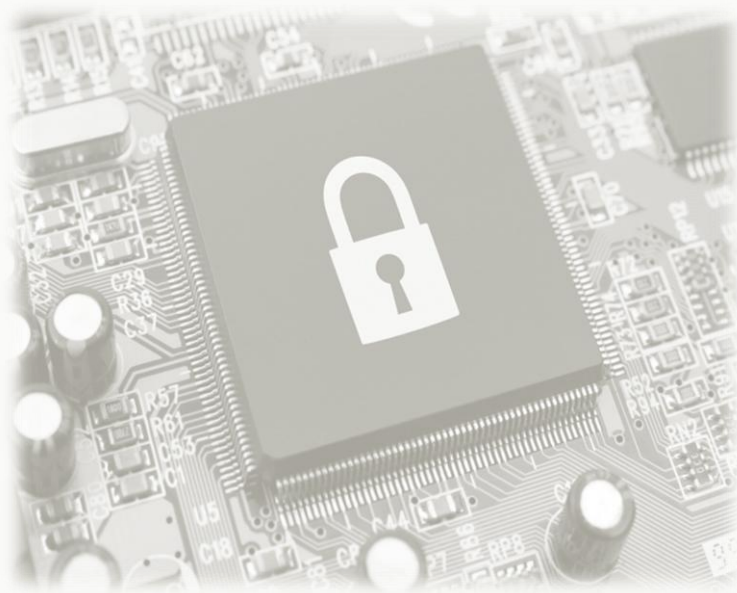


We recommend stimulating investment in digital technologies and networks by establishing an environment conducive to investment and governed by less inhibiting regulations. We also advocate public-private partnership (PPP) to augment digital infrastructure expenditure especially in the rural areas with the aim of creating a strong base that enables ultra-fast and reliable connectivity.

Securing the Digital Environment

Ensuring IT security and controlling cybercrime can go a long way in building trust in the digital world.

Addressing the requirements of the use of Big Data – while balancing the benefits and the need to build digital trust – will facilitate the implementation of the Industrial Internet.



We recommend ensuring data protection and data security through balanced approaches that both protect citizens and enhance the seamless movement of data – frameworks that are interoperable and compatible on national, regional as well as international levels.

Expanding the Borders

Increased digital protectionism undermines the global competitive marketplace.

Combating restrictions on cross-border data flows and server location – while facilitating businesses to sell and aiding consumers to buy online across borders – can unlock new opportunities.



We recommend facilitating cross border e-commerce and creating a competitive playing field among all players providing similar services.

Addressing Taxation Issues

The process of e-commerce has raised a plethora of challenges for sovereign states to raise tax revenues.

Issues related to taxation include: jurisdiction to tax, characterization of income, anonymity and location of parties, anonymity of transactions and accounts, and new avoidance and evasion opportunities.

The OECD/G20 initiative relating to Base Erosion and Profit Shifting (BEPS) has been the focal point of tax challenges pertaining to digital economy.



We recommend framing a transparent legal, conceptual and operational taxation framework in this new e-environment. We also call for addressing, on a priority basis, the evaluation of the effectiveness of existing taxation provisions and laws with respect to e-commerce, especially the collection of VAT in B2C transactions and focused on consumer protection.

Legislating in a Digital World

The digital world evolves quickly and it is important to keep pace with the increasingly shorter innovation cycles.



We recommend providing technology neutral legislations which are principle-based and do not require regular revisions or updates. We also recommend ensuring that the policy and competition frameworks promote a set of future-proof guiding principles to deal with unreasonable or anti-competitive practices.

In Conclusion

It is vital that
citizens,
businesses,
entrepreneurs,
investors and
governments
work in together
to help G20 economies
create standards for
the Digital Economy
to ensure that its potential
as an imminent tool
for sustainable development
across the globe is realized.

This statement is issued in Berlin, Brasilia, Brussels, Buenos Aires, Istanbul, Johannesburg, London, Madrid, New Delhi, Ottawa, Paris, Rome, Seoul, Sydney, and Washington D.C.
by the B20 Coalition members.

ABOUT THE B20 COALITION

The B20 Coalition brings together leading independent business associations from G20 economies and operates as a worldwide exchange platform between national business communities, aiming at building consensus and developing common positions on critical issues for enterprises.

Through its broad-based representation, the Coalition on behalf of more than 6.8 million businesses of all sizes and from all sectors engages policy-makers on a global scale and advocates policies that contribute to global growth and job creation at regional and international levels. The Coalition is instrumental, notably, in supporting the G20 process and ensuring continuity over successive Country Presidencies.

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