



BIAC

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BUSINESS AT THE OECD

**Main Business Messages and
Recommendations to the Cancun
Ministerial**

OECD Ministerial on the Digital Economy

20-23 June, 2016

Today's emerging technologies – including Cloud computing, Big Data and the Internet of Things, coupled with innovative business models and applications in new as well as existing industries, creates a significant potential for economic growth and enhanced social benefit. The private sector plays a leading role in driving innovation, investment and creating jobs in the digital economy. The right policy and regulatory frameworks need to be in place to enable all stakeholders to realize the potential economic and societal opportunities. Those policy and regulatory frameworks must facilitate the expansion of ICT infrastructure and investment, the development and adoption of new technologies and the business models that use them as well as appropriately address any risks that may emerge from these new technologies and business models.

Previous OECD Ministerials on the Digital Economy – Ottawa and Seoul - together with the OECD's work on the Knowledge-based Economy, Internet Policy-Making, Security, Privacy and Employment make this Cancun Ministerial an important inflection point to enable all stakeholders to better understand and work towards: developing the needed facilitating policy and regulatory environment; addressing the potential risks that might emerge; promoting individual freedom and dignity, and enabling all stakeholders to benefit from an open Internet within the applicable rule of law.

Bernhard Welschke,
Secretary General
Business and Industry Advisory Committee to the
OECD

Joe Alhadef,
Chair
BIAC Committee for Digital Economy Policy

Key Messages – A Vision for the Future

1. A Balanced Policy Approach:

Fostering benefits of the digital economy requires enabling frameworks and policy tools, which support the fundamental and interconnected elements including development in infrastructure, investment, innovation, intellectual capital, information flows and integration.

Recommendations:

In the context of the *2011 OECD Internet Policy Making Principle (IPPs)* business seeks from Governments the following:

- An environment providing appropriate incentives, legal protections, and policy coherence where innovation and creativity can flourish across communities, business models and disciplines;
- Open, fair and competitive markets for both new and existing players allowing them to capitalize on emerging opportunities;
- Incentives for investment in technologies and their implementation, including communications, new media and information technologies, that will provide adequate capacity, security and capabilities for future to capitalize on digital opportunities supported by needed connectivity;
- Respect for intellectual property rights, and effective systems to enforce those rights;
- Transparent legal and regulatory frameworks applied fairly and with predictable outcomes;
- Policies that enhance the skills and employability of workers and encourage entrepreneurial activity by businesses.

Key OECD Instruments:

- 2011 Internet Policy Making Principles
- Recommendation on Digital Government Strategies

2. Investment and Innovation

Policies should foster continued business innovation and the adoption of emerging Information and Communications Technologies (ICT) and business practices, as well as continued investment in R&D and infrastructure deployment, essential to enable digital innovation and leverage benefits of ICT technologies across all sectors of the economy. Emerging and innovative technologies and business models have a profound impact on how data is collected, used, and maintained for an ever evolving range of purposes that will help drive economic growth, improvements in social welfare and new and expanded job opportunities. While business has the principal responsibility for bringing expertise, investment and creativity to this process, the appropriate government policies are necessary to continue to produce positive results for the Internet and the global economy.

Recommendations:

- Avoid imposing laws or regulations that prevent or unintentionally impedes the benefits of innovation or constrains the flow of capital or investment;

- Support innovation frameworks as applicable to cross-cutting development goals in particular in areas such as health, education, urban planning and agriculture;
- Consider how to apply policy frameworks and legislative priorities in ways that enable societal benefits while protecting against the wrongful use of personal and sensitive information.

Key OECD Instruments:

- OECD Innovation Strategy
- 2011 Internet Policy-Making Principles (IPPs)
- Recommendation on Critical Information Infrastructures Protection (CIIP) (*under revision*)
- Council Recommendation on International Mobile Roaming
- Recommendation of the Council on Broadband Development (2004), and Broadband policy toolkits for regions

3. Trade, Inclusion and Trust

Data-driven innovation and data analytics are key features of the 21st century economy, with potential to enhance growth and job creation in both developed and developing countries. The flow of data across borders is now a central part of global value chains and a major requirement for a wide range of manufacturing and services industries. Policy initiatives should not unduly restrict the movement of data within multinational firms or between related enterprises.

Trust is an essential element of success for the Digital Economy. Enhanced trust is needed across all stakeholders to foster acceptance, adoption and implementation of new technologies and business models. Effective privacy management and compliance programs, and appropriate security practices effectively implemented are essential elements of the management of digital security risk. Continued work on effective and interoperable policy frameworks can help assure both compliance with applicable privacy and security laws and the ability to gain the benefits of new and evolving technologies and business models.

Recommendations to OECD:

- Gather and develop evidence on the adverse effects of forced localization and other measures that restrict cross-border data flows;
- Highlight to governments the impact of data localization and other restrictive measures on international trade and investment;
- Provide guidance to governments to support an effective response to the proliferation of data localization –such as through enforcement of existing trade rules or the establishment of additional international trade disciplines to discourage such measures;
- Raise awareness, among ICT and non-ICT industries, on the importance of data flows for business operations in global value chains (GVCs);
- Work with governments and business to identify best practices in policy formulation that allow both for needed cross-border flows of data and addressing concerns for security and privacy;

- Promote policies among governments that enable the open flow of business data to end unnecessary rises in operational costs;
- Work across stakeholders, according to their role, to raise awareness of digital privacy and digital security risk and the behaviors, practices, tools and methods available to manage those risks;
- Continue work across stakeholders on creating beneficial policy frameworks that will help further and implement the Sustainable Development Goals.

Key OECD Instruments:

- Recommendation of the Council concerning Guidelines governing the Protection of Privacy and Transborder Flows of Personal Data (2013)
- Council Recommendation on Digital Security Risk Management for Economic and Social Prosperity and its Companion Document (2015)
- OECD Online Security Guidelines
- OECD Services Trade Restrictiveness Index
- OECD E-commerce consumer protection guidelines
- Council Recommendation on Health and Privacy (forthcoming in 2015/2016)
- Recommendation of the Council on Electronic Authentication (2007) and OECD Guidance for Electronic Authentication (2007)
- Recommendation on Consumer Policy Decision Making (2014)
- Consumer Policy Guidance on Intangible Digital Content Products (2014)

4. Mobility and Workforce Development

The digital economy is transforming organizations and the types of skills and competencies needed for companies and individuals to rapidly adapt to today's dynamic markets and the changing world of work. Knowledge-based capital is an important part of the potential for the digital economy's contribution to productivity and well-being. While these technologies have overall positive effect on the economy, we recognize that some improvements in efficiency and productivity may result in worker displacement (possibly temporary or permanent) because, not all job skills are easily transportable.

Skills development is a key aspect of enabling worker mobility and resilience to labour market shocks. This mobility implies not only the ability to move to a different job with in a same firm, in a different firm, industry or employment arrangement, but also the opportunities that entrepreneurship can bring to individuals in the digital economy and using digital technologies. The changed dynamics of jobs also reopens questions on how social benefit systems can effectively respond to changing labor dynamics in the digital economy.

Continued dialog is needed to address those persons dislocated from employment with least opportunity for re-skilling. The OECD provides an important venue for such dialogue.

Recommendations to governments:

- Support opportunities for targeted life-long learning, which help employers and employees adapt to the change in skills demand, in particular for digital skills;

- Enhance cooperation with employers in education and training systems to ensure skills matching for the current and future needs, including through increasing participation by employers in forward looking education policy setting, joint initiatives, and direct cooperation between education providers and employers for assessment and quality assurance systems;
- Support greater cooperation between public and private employment services for a more streamlined and effective matching between labour market demand and supply;
- Accord high priority to “skills development, activation and use,” while aiming to reduce skills mismatch and increase relevant work skills;
- Develop re-skilling and early or fast-acting labor market policies for workers displaced due to technological change
- Adopt a digital skills strategy in partnership with schools, vocational education and training (VET), Business, Venture capitalist and entrepreneurs to support start-ups and SMEs

Key OECD Instruments:

- OECD Jobs Strategy
- OECD Skills Strategy
- Program for the International Assessment of Adult Competencies (PIAAC)
- OECD Recommendation on Gender Equality



13/15 Chaussée de la Muette
75016 – Paris (France)
Tel: +33 (0) 1 42 30 09 60
Fax: +33 (0) 1 42 88 78 38

biac@biac.org

www.biac.org

