DIGITALEUROPE's recommendations on Europe's contribution to the G20

Executive Summary

In a year of unprecedented challenges to the world economy and our societies, international cooperation and the development of global solutions are more crucial than ever before. This year, DIGITALEUROPE is proud to represent the global business community through our participation in the B20 Business Advocacy Caucus, and to share our thoughts on the recommendations of the B20 for world leaders meeting in November for the G20 Summit.

We strongly encourage European leaders to promote the measures below as part of the international community's work towards "building back better" from the ongoing crisis. For this document, we have placed emphasis on a number of the policy recommendations presented by the B20 during its October 2020 Summit, selecting those where the digital sector has a particularly important role to play, and where Europe can take the lead. DIGITALEUROPE calls upon European decision-makes to seek support for these policy actions, and their inclusion in this year's G20 statement.

We call upon G20 members to take meaningful steps towards:

▶▶ **Jump-starting the global economy**, driving growth through "digital-first" stimulus packages;

▶▶ **Shaping new frontiers** through strengthening the multilateral system, developing resilient digital infrastructures, and a collaborative approach on cutting-edge technologies such as artificial intelligence (AI);

▶▶ **Enabling people** for the digital transformation, through concerted efforts on gender equality in tech, on digital skills, and digitalising SMEs;

▶▶ **Safeguarding the planet** by maximising the potential of digital solutions to enable the climate transition.

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Our recommendations

Jump-starting the global economy

DIGITALEUROPE adds its voice to the recommendations of the B20 on jump-starting the global economy in the post-Covid phase. G20 members should look to consolidating the digital advances made during the crisis, and avoiding a return to "business as usual". As we noted in our position paper on a post-Covid recovery plan, a "digital-first" stimulus package is key to a sustainable recovery that is resilient to future crises. This is equally true in the European and global contexts, and can be made concrete through earmarking spending for digital priorities – global leaders should consider following the EU's lead, with the latter having set a 20% digital spending target. In particular, we support the prioritisation of spending on digital skills, green tech, digital health, connectivity, and digitising SMEs.

Digitalising responsibly and exclusively – and accelerating digital transformation – is made possible through strong public commitments such as these, and indeed by defending the ecosystem for digital trade. Thus, we would also remind G20 members of the need to facilitate global value chains and the broader global digital ecosystem. As we have stated in the past, the resilience of businesses is better achieved through collaboration than fragmentation, and G20 members should refrain from restrictive and discriminatory measures – such as unilaterally closing borders, increasing import tariffs, , introducing import quotas – when those risk making supply chains and companies operationally or financially vulnerable.

Shaping new frontiers

A global trade environment for the digital age

DIGITALEUROPE has long advocated for an updated global rulebook to incentivise and enable the digital trade ecosystem. Therefore, we strongly support the B20 in calling upon G20 members to **strengthen the multilateral trade and investment system**, **to roll back on protectionism, and to foster the growth of e-commerce**, particularly through agreeing on new disciplines at WTO level (recommendations 4 and 17). First and foremost, and as mentioned above, this is about supporting open markets that are rules-based, ensure reciprocity, and promote a level-playing field – existing agreements such as the Information Technology Agreement (ITA) should be implemented effectively, and expanded as necessary to adapt to the changes in the global digital economy. Moreover, a global solution on taxation in the digital economy should remain a top priority.

G20 members should commit to progress on WTO eCommerce negotiations, where a particular focus should be on **facilitating international data flows**, the

lifeblood of the global digital ecosystem. Barriers to the free flow of data constrain cross-border trade and investment, impede innovation, and reduce access to the most advanced technologies with affordable cost. They also undermine data protection and privacy standards and reduce public welfare benefits in areas such as education, health, environment and security. We therefore strongly encourage G20 members to work together to establish general rules to enable cross-border data flows and limit forced data localisation while ensuring that any restrictions on these transfers are tailored to a government's legitimate public policy concerns and administered in a non-discriminatory manner.

Developing resilient digital infrastructure

DIGITALEUROPE strongly supports the B20 in calling upon G20 members to enable and **support resilient digital infrastructure by fostering the cybersecurity readiness of individuals, MSMEs, large businesses and public institutions** (recommendation 14). While this is partly to be achieved through skills development (see above), it is also essential to strengthen the cybersecurity market in Europe and worldwide. Here, it is crucial that European players grow through operating and trading internationally, just as the EU keeps its doors open to international companies looking to invest in its markets.

The development of **internationally harmonised standards** within a market-driven and voluntary system should also be prioritised. When adopting regulation to foster the development and deployment of new technologies, governments should analyse areas that could hinder the latter, and look to existing laws which may address concerns. Where possible, legal uncertainty and the hampering of innovation is to be avoided.

Advancing AI benefits for all

DIGITALEUROPE concurs with the B20 suggestion that G20 members should **support the healthy development and adoption of AI wherever possible** (recommendation 15), that advances AI benefits for all. Here, education of businesses, government and society is essential, as is the creation of a favourable and trust-inducing regulatory environment. We are particularly supportive in that regard of the use of clear definitions of an AI system, as proposed by the OECD and the EU's AI High-level Expert Group, and that a risk-based approach be adopted. New regulatory means should be narrowly targeted, focusing on specific use-cases, and differentiation will be necessary – even within sectors – depending on area of application, type of deployer, and fundamental changes between B2B and B2C contexts.

International standardisation should also be prioritised to drive trust in AI, and G20 members should work together to ensure adequate levels of protection of

intellectual property rights. Accessing data in enough quantity to make their solutions work is critical for many providers, and G20 members – through a cooperative public-private approach - should therefore seek to **increase and incentivise the generation and use of data.**

Empowering people

Increasing gender equality in tech

DIGITALEUROPE strongly supports the B20 calls to **unlock the advancement and full leadership potential of women**, and to create an enabling environment that promotes female business ownership (recommendations 1 and 7). This is particularly relevant to our sector, where we have noted that digital development can drive social inclusion. G20 members should look to both effective legislation and educational programmes to ensure that current inequalities are addressed, and the EU can lead by working towards the goal that by 2025, 6% of women are ICT specialists. Furthermore, initiatives such as the Women4IT project provide Europe with best practices to promote on the global stage.

Boosting digital skills

The global economy is in the midst of a massive transformation, and 85% of jobs that today's students will do in 2030 haven't even been invented yet. Indeed, 9 out of 10 of the jobs of the future will require digital skills, yet citizens in Europe and around the world lag behind, meaning our education systems need to be made fit for the digital age. Thus, DIGITALEUROPE fully agrees with the B20 calls for G20 members to **boost employability at scale, through transformed education and lifelong learning, and to drive digital inclusion through growing digital skills** (recommendations 6 and 16).

Realising these goals requires sound polices and investments to boost technology's role as a learning enabler, for example by promoting accessibility standards to support public procurement of ICT in schools. School curricula should also be adjusted to foster digital skills. They should include competences like computational thinking and dynamic communication. A stronger cooperation between education systems and digital actors is also needed. Finally, it is vital that governments put in place training programmes to facilitate digital upskilling in the existing workforce (e.g. in manufacturing) – a need which has become even clearer in the context of the current crisis.

Enabling SMEs

DIGITALEUROPE fully supports the call upon G20 members to **proactively enable SMEs and entrepreneurs** (B20 recommendation 10), and that

digitalisation is a key consideration in this regard. To grow in the global economy and the context of Industry 4.0 – and thus benefit from digitalisation - SMEs will need to expand their product portfolio to new digital-driven products and services quickly, and to rapidly digitise their internal industrial operations. Collaboration between large corporates and SMEs (including start-ups and scale-ups) also benefits all parties, and the global digital ecosystem as a whole.

G20 members can help nurture SMEs by promoting their involvement in collaborative research, through global cooperation on standardisation, and through incentives in tax policy, such as deductions for IT investments. The EU can show leadership here through continued expansion and improvement of the system of Digital Innovation Hubs, as well as by establishing a voucher scheme for vital innovation spending. It should also continue to pay particular attention to SMEs in providing guidance on regulatory frameworks, a best practice that should be followed globally.

Safeguarding the Planet

Harmonised and incentive-based policymaking

In line with the B20 (policy recommendation 11(ii)), DIGITALEUROPE supports the development of enabling regulatory frameworks that support the transformation of economies towards carbon neutrality. Indeed, we believe that digital has a key role to play in this ambition: industry's digital transformation offers new prospects to unlock innovation, provide new opportunities to workers, decarbonise, and generally do more with less. Indeed, despite the ever-increasing digitalisation of the economy, ICT's energy consumption remains close to 3%. Further, digital technologies have the potential to enable a 20% reduction of global CO_2 emissions by 2030 – G20 members should bear this in mind when assessing the impact of environmental and climate objectives. To achieve real results, companies should be encouraged towards best practices through harmonised and incentive-based policy instruments, leveraged by digital technologies – wherever possible, fragmentation should be avoided when environmental regulation is being developed. A key point is to ensure that any new due diligence obligations are aligned with OECD guidelines, particularly Chapter VI (Environment) of the OECD Guidelines for Multi-National Enterprises [2011].

Strengthening climate resilience of infrastructure

DIGITALEUROPE agrees that strategies need to be developed so that infrastructures can better withstand climate hazards, either through building new infrastructure or retrofitting that which already exists (B20 policy recommendation 12). Here once more, digitisation has a crucial part to play, particularly in its ability to deliver climate gains across the sectors of logistics (e.g. optimisation, driverless

and automated solutions), manufacturing (e.g. through materials and energy efficiency), transport (e.g. flexible charging services, mobility-as-a-service solutions), and agriculture (e.g. monitoring of livestock health, smart use of fertilisers, optimisation of water resources). G20 members can advance these solutions through support for standardisation in green technologies, appropriate procurement approaches (e.g. increased use of the Most Economically Advantageous Tender (MEAT) principle as an award criterion), and directing climate investment towards digital innovation in green technologies, in particular in the context of R&D spending.

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About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

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