



2016 MINISTERIAL MEETING
THE DIGITAL ECONOMY:
INNOVATION, GROWTH
AND SOCIAL PROSPERITY
JUNE 21 - 23
CANCUN - MEXICO

OECD Ministerial Meeting on the Digital Economy: Innovation, Growth and Social Prosperity

OECD Secretariat's Summary

The OECD Ministerial meeting on the Digital Economy was held on 21-23 June 2016 in Cancún, Mexico, under the chairmanship of Mr. Ildefonso Guajardo Villarreal, Minister of Economy of Mexico, and with Mr. Navdeep Singh Bains, Minister of Innovation, Science and Economic Development of Canada, Mr. Yanghee Choi, Minister of Science, ICT & Future Planning of Korea, Ms. Axelle Lemaire, Deputy Minister in charge of Digital Affairs of France, Ambassador Daniel Sepulveda, Co-ordinator, International Communications & Information Policy, Department of State of the United States, and Mr. Andrus Ansip, Vice-President for the Digital Single Market, European Commission, as co-Vice-Chairs.

The meeting, which was the first OECD Ministerial Meeting on the Digital Economy held in Latin America, brought together Ministers, senior government officials, the heads of major intergovernmental organisations, industry leaders and representatives of the Internet technical community, civil society and organised labour. In addition to OECD Members and the European Commission, Argentina, Brazil, China, Colombia, Costa Rica, Ecuador, Egypt, Indonesia, Lithuania, Malaysia, and South Africa participated in the meeting. In all, over 1 300 participants from 36 economies attended the event, which was webcast.

The Ministerial placed digital issues firmly on the global political agenda. The meeting underscored the urgency of developing a strategic vision and fully-integrated policy approach to digitalisation, in order to better understand how digitalisation is transforming our lives, how we can exploit it, and how we can help those in danger of being left behind. The Secretary-General opened the discussions, and throughout his participation underlined the need to measure the digital economy better, to analyse the digitalisation of the economy and society from a whole-of-government perspective, and to keep the Internet open and accessible. The Ministerial messages were well-supported by OECD countries, as exemplified by the opening remarks of US Secretary of Commerce Penny Pritzker who called on OECD countries to redouble their commitment to the OECD Internet Policy-making Principles of openness, free flows of information and multi-stakeholder governance of the Internet. EU Vice-President Ansip further supported the Ministerial agenda, urging all participants to ensure global connectivity and emphasising that we live in an age where access to broadband can have a greater effect on GDP than access to ports and railways.

The Ministerial meeting also provided a unique forum to discuss how to harness the benefits of the digital economy for economic and social benefits in countries of various levels of development. Holding the meeting in Mexico not only allowed showcasing the significant policy reforms that this country has undertaken in the digital economy arena, but also positioned the OECD as a partner for Latin American and Caribbean countries that are increasingly orienting themselves towards an OECD view on digital economy issues. The coincidence of the Ministerial with the meeting of LAC Telecom Regulators in Cancún added to the richness of debate. At the same time, the meeting was held back-to-back with a Hackathon and four stakeholder forums -- the Business and Industry Advisory

Committee (BIAC), the Trade Union Advisory Committee (TUAC), the Civil Society Information Society Advisory Council (CSISAC), and the Internet Technical Community (ITAC) -- which underscored the OECD's strong commitment to the multi-stakeholder model of digital economy policymaking.

The key messages that emerged from the Meeting are outlined below.

Internet openness drives social, economic and cultural development

Participants discussed the meaning, benefits and challenges of Internet openness and how governments and other stakeholders can meet public policy objectives such as digital security and personal data protection while preserving openness. Among the key messages that emerged were that Internet openness is reflected in the free flow of information and consists of many different elements, such as broadband access, the skills necessary to use it, freedom of expression, and a single, common system for assigning domain names. Moreover, Internet openness drives social, economic and cultural development, but openness nevertheless faces a number of threats. International and multi-stakeholder cooperation is vital for devising policies that preserve openness while meeting other important goals. Finally, improving measurements of Internet openness and its effects is urgently needed to support sound, evidence-based digital economy policies and the OECD could be instrumental in that effort.

Stimulating digital innovation across the economy is essential

Participants discussed the role of public policies to foster the adoption and effective use of information and communication technologies (ICTs) for digital innovation, productivity, and inclusive growth. The key messages emerging from this panel included that slow diffusion of ICTs may be a key barrier to reaping the benefits of digitalisation, causing some firms and social groups to lag behind in reaping the benefits of their effective use. Digital divides need to be bridged, particularly with respect to small and medium enterprises (SMEs) and disadvantaged groups such as poor, rural or ageing populations. Furthermore, digital innovation is disruptive and requires favourable framework conditions to support the transformation of traditional sectors and the development of new global markets. Lastly, more holistic and inclusive policy approaches are needed to stimulate digital innovation.

There is much scope to improve networks and services through convergence

Panellists discussed the changing landscape of communication and digital service industries, especially given the growing convergence of services and networks, and the growing ability of different providers along the communication value chain to provide competing services. The participants agreed that innovation, investment and competition are integral to harness the benefits of connectivity, and that the trend towards industry consolidation raises challenges for competition in the market. The panel reflected upon possible policy tools to expand global connectivity and highlighted the importance of affordable access. The panel further considered that there is a need to reassess current regulatory frameworks in light of convergence to preserve the Internet as a platform for innovation, social development and economic growth.

It is critical to ensure we have the appropriate frameworks to enable tomorrow's Internet of Things

Panellists discussed the importance of the Internet of Things (IoT) for enhancing knowledge and the provision of services in areas such as health, agriculture, and transport, among others, and underscored the need to further engage end-users. Interoperability and standardisation were emphasised as key elements for the development of the IoT. Panellists highlighted the importance of removing regulatory barriers to foster IoT applications and services, while ensuring that that global standards support their development. At the same time, participants concluded that it is essential to review existing policies and regulations to foster the IoT and enhance the access to and re-use of private and public data. The panel also pointed out the importance of not considering the IoT as a new

technology that requires specific regulation. Instead, speakers called for using existing policy approaches but increasing the involvement of a broader set of industries in the development of a wider IoT ecosystem. The panel also discussed the importance of trust and explored several mechanisms which could support consumer awareness.

Consumer trust is a key element of boosting growth of the digital economy

All participants agreed that trust is at the core of the digital economy and requires effective protections for consumers. There was also consensus that consumer protection should be balanced with innovation and competition policy objectives, which were considered essential for e-commerce to reach its full potential. Online platforms were identified as a powerful tool for boosting innovation, competitiveness, and growth across the economy, but the growing number of online platforms raises consumer protection challenges that must be addressed. A common theme raised throughout the discussions was the importance of transparency to enabling that trust. Other key elements of a framework for effective consumer protection included accurate and easy-to-understand disclosures, dispute resolution, payment protections, as well as consumer and business education and training. Online product safety issues, including the growing availability of banned and recalled products across borders, were also mentioned as challenges that needed to be addressed.

Managing digital security and privacy risk is needed for economic and social prosperity

Participants discussed how to align digital security and privacy protection with the broader objectives of innovation and economic growth. They focused on national strategies and lessons learned, addressing co-operation, as well as the special needs of SMEs. The panel also discussed ways to leverage complementarities between digital security and privacy risk policies at national and international levels. There was broad consensus that digital security and privacy are drivers of competitiveness. At the same time, participants called for the development of whole-of-society privacy strategies to foster trust in a data-driven economy, underscoring the importance of multi-stakeholder co-operation in developing and implementing these national strategies. Panelists also agreed that cryptography is essential to foster trust in the digital economy. Finally, calls were made to provide guidance and incentives to SMEs to promote good practice in managing digital security and privacy risk while continuing to innovate.

All stakeholders have a role to play in facilitating new markets and new jobs in the digital age

To reap the benefits from digital technologies, governments, businesses, trade unions and academia must join efforts to address new economic and labour market challenges. The panel discussed policies to foster growth and employment in new economic activities enabled by digital technologies, to accompany workers along the transition to new jobs, and to help ensure job quality in the digital economy. One of the key messages from this panel was that to create more jobs, governments should promote investment in digital technologies. In addition, smart public policy and business practices can support the workers' transition to new jobs. It is also important to recognise that new labour market models affect different segments of the labour force and the business community differently.

Greater use of digital technologies increases demand for new skills

The panel discussed actions that can help to ensure that the diffusion of digital technologies is accompanied by the development of the skills needed for their effective use, an increase in the responsiveness of national skills development systems to changes in skills demand, and seizing new learning opportunities created by digital technologies. Three key messages emerged. First, a co-ordinated approach to the development of basic competencies and digital skills across all age groups and qualification levels is urgently needed. Second, governments should give priority to redesigning curricula around what matters in education for the 21st century. Third, education and training should seize the new opportunities raised by digital technologies for more timely, innovative and collaborative learning.