Boosting innovation, competitiveness and employment through digital economy

The Swiss Approach

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Economic Impact

- **Key drivers**
  - Mobile data and interconnectedness of devices (mobile internet, internet of things, big data etc.)
  - Automatization (3D-printing, artificial intelligence etc.)

- **Impact on the Economy**
  - Decreasing transaction costs (economies of scale, more buyers, more suppliers, more investors)
  - Network effects (2-sided markets, winner takes it all, more market dominance)
  - Productivity gains due to automatization, data analysis, re-organization of value chains, new business models etc.

Studies: ICT contribution to economic growth ~ 30% (1995-2013)

Source: OECD (2015): Compendium of Productivity Indicators
Challenges for Economic Policy

Competitiveness of the Economy
- Classic business models under pressure
- Stronger global interconnectedness – but breaking up existing GVCs

The End of Work?
- Crowding out of low skilled employees?
- How to retrain labor force?

New Technologies
- Cyber risks: Vulnerability of Systems
- Opportunities (and risks) of artificial intelligence

Two-sided markets
- More “winner takes it all” situations
- How to regulate global operating companies?

Swiss Approach

Growth of Labor Productivity
High Labor Supply

Policy Objectives
- Government should not try to identify “future champions”
- Focus on excellent framework conditions
  - High skilled labor force
  - Flexible labor markets & effective social safety net
  - Competition
  - Efficient government
  - Investment friendly environment
  - etc…
Framework Conditions

Starting point: Comprehensive analysis of economic challenges and existing legal framework (January 2017)

Key findings & actions taken:

- Most regulations also applicable to new business models. Legal framework generally allows for innovation.
  - Launch of «Digital Test» (Survey): Legal impediments to innovation & digitalization.

- No crowding out of low skilled employees, but general upskilling of workforce. Key question: employed or self-employed?
  - Continue monitoring of labor market developments. In-depth analysis of new models for the social insurances.

Key findings & actions taken:

- Educational system able to adapt to structural change. Some gaps in high class research.
  - STEM Promotion. Increase budgets of Federal Institutes of Technology.

- Fintech companies often treated like banks (e.g. high equity requirements); high barriers to entry.
  - Introduce a “Sandbox” and a new “innovation license” facilitating market entry for Fintech companies.
Framework Conditions

Key findings & actions taken:

- Competition policy: More «winner takes it all» situations. Merger control: notification threshold linked to turnovers.
  - Check if notification threshold should be adapted.

- Not all Government data available to the public, Data Protection Act needs to be adapted to recent developments.
  - Develop an official “data policy” including OGD.
  - Revision of data protection act.

Framework Conditions

Key findings & actions taken:

- Not all Government services available online. Gap between leading countries and Switzerland regarding eGovernment Services.
  - Complete redesign of customs procedures (e-Customs).
  - Legal base for Electronic Identity (e-ID).
  - One-Stop Shop (www.easygov.swiss).
Thank you for your attention!

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