

Digital economy needs global norms

Governments, businesses must build win-win partnerships for everyone to benefit from new technologies

By WANG HUTYAO

From the G20 and World Economic Forum to national development plans and think tank research reports, in recent years the “digital economy” has become a buzzword and risen to the top of many countries’ and businesses’ agenda.

Increasingly, governments and businesses see the digital economy as a key driver of growth and are directing investments accordingly. In September, the National Development and Reform Commission signed an agreement with China Development Bank to offer 100 billion yuan (\$14.5 billion) in financing over the next five years to support the digital push.

On Sept 20, China held its first International Digital Economy Expo in Shijiazhuang, capital of North China’s Hebei province, attracting high-profile companies and more than 100 business leaders from home and abroad.

At present, more than 22 percent of the global GDP is closely linked to the digital economy. By 2025, the digital economy is expected to drive about half of the global output growth.

The digital economy has enabled the birth of new industries and business models, allowing compa-

nies and people to connect across borders, linking producers with consumers and workers with job opportunities.

Over the past decade, buoyed by its vast market and supportive policies, China has taken a leading position in digital industries. A Cyberspace Administration of China report in 2017 said China’s digital economy grew to 27.2 trillion yuan, up 20.3 percent year-on-year, and accounted for 32.9 percent of its GDP. This makes China’s digital economy the second-largest in the world. China has the world’s largest e-commerce market, accounting for 40 percent of the global total.

It is also among the leading markets for virtual reality, autonomous vehicles, drones and artificial intelligence. Mobile payments, in particular, have caught on like wildfire in China, with the total annual transaction value being more than 10 times that of the US.

The digital economy has become an important engine for growth that is both sustainable and inclusive. It has helped to raise productivity in existing industries and given birth to new sectors, and integrated all aspects of business and society.

However, the rapid development of the digital economy has also presented new challenges. For example, a significant “digital divide” still

exists within and between countries due to inequalities in access to infrastructure and digital literacy. This divide may prevent societies from harnessing the full benefits that digital technologies can deliver.

The growth of the digital economy has also been accompanied by increasing threats to safety and security. Experts estimate that cybercrime and hacking cause more than \$400 billion in losses annually to the global economy.

Recent events worldwide have also shown how the same digital tools designed to link people across the globe can also be used to spread misinformation and prejudice.

But the development of governance models for this new digital sphere has lagged behind the rapid advances in technology. We have yet to achieve consensus on what should be regulated, how, and by whom; there is a lack of common rules and standards on issues such as data ownership and privacy.

To balance the benefits and risks of the digital economy, we need more effective platforms and institutions to overcome the present governance deficit. As a leading digital economy, China has actively worked to promote suitable global governance mechanisms.

During China’s presidency of the G20 in 2016, the digital economy

was put high on the agenda for the first time. This culminated in members adopting the G20 Digital Economy Development and Cooperation Initiative at the G20 Summit in Hangzhou in 2016, the first policy document on the digital economy to be endorsed by G20 leaders.

There is also a need for new platforms to facilitate dialogue and coordination in the management of the digital economy.

In recognition of this, at the 2018 International Digital Economy Expo, the D50 Enterprise Digital Economy Summit was created, based on a joint proposal from the Center for China and Globalization and China Electronic Chamber of Commerce. The D50 aims to provide an international forum to enhance the role of nongovernmental actors in building a healthy and inclusive global digital economy.

We will need new ideas and ways of thinking to fully realize the great promise of the digital economy and ensure that all share its benefits.

First, we should accelerate building the necessary foundations of the digital ecosystem, expanding network infrastructure and promoting innovation of digital technologies and applications.

This calls for increased R&D in key sectors such as cloud computing, big data, the Internet of Things,

and smart manufacturing. These efforts will nurture new industries and promote the digital upgrading of existing sectors.

Second, we should work to promote meaningful exchange via digital technologies. Interconnectivity is a fundamental characteristic of the digital economy and its proliferation.

Therefore, decision-makers, entrepreneurs, and social actors should work to build shared digital spaces that bring people from all nations and walks of life together.

Third, it is important that we ensure the fruits of the digital economy are shared by all.

So governments, businesses, and social organizations should find solutions to help overcome the digital divide, providing not only physical access to key infrastructure but also cultivating the social conditions and skills necessary for people to participate in the digital economy.

It is also crucial that we increase cooperation on governance of the digital economy. Countries should be allowed to follow a path of digital development that is suitable to their own national conditions and be able to participate in internet governance on an equal footing.

The author is the president of Center for China and Globalization.

Holistic plan to revitalize Yangtze

Rural, ecology-based strategy charts a green development path to protect China’s ‘mother river’

By STEPHEN P. GROFF

The majestic Yangtze nurtures an area of more than 2 million square kilometers, or about one-fifth of China. It is also one of the busiest inland rivers on the planet and about 400 million people rely on it for their water needs.

The Yangtze and its fertile basin generate around 45 percent of China’s gross domestic product and have been key drivers of the economic growth that has lifted hundreds of millions of people out of poverty in recent decades.

But that prosperity has taken a toll — increasingly in the form of poor agriculture and rural waste management practices, rather than the process of urbanization alone. In 2010, water used to irrigate fertilized fields became a greater source of pollution in the Yangtze River than urban water pollution.

This heightened pollution in the main river has severely reduced the quality of drinking water, creating other health problems as well as reducing biodiversity. Smaller lakes and tributaries also suffer from high levels of pollution.

Besides, dams, floods, and deforestation have made the riverbanks less stable and more prone to landslides. And climate change will likely worsen these effects over time.

In referring to the Yangtze as the country’s “mother river” and calling for “a green development path which puts ecology first”, the Chinese government recognizes these threats and is implementing initiatives to address the issues.

This is also consistent with the country’s “rural vitalization” strategy, a national initiative to protect the environment, modernize agriculture, and improve the lives of people living in the countryside by 2035.

Much of the work to improve the river and its surroundings is captured in the government’s Yangtze River Economic Belt Development Plan. The plan reorients economic activities around the river toward green development, giving equal weight to economic growth and environmental protection.

This ambitious program will support green development initiatives, particularly in rural areas that are most in need of development.

The plan sets a target to significantly improve the environmental quality of the Yangtze, aiming for more than 75 percent of the region’s water meeting international standards and more than 40 percent of the area protected by forest coverage by 2030. This is to be done by promoting environmental protection, improving the management of water resources, promoting green industries, and improving transport in the region.

For China to achieve the ecological and environmental targets for the Yangtze and keep its vision of overall rural vitalization on track, it is important to strengthen the links between the Yangtze River Economic Belt program and the rural vitalization strategy in a “two-pronged” approach.

In keeping with this idea, the Asian Development Bank has programmed \$2 billion in strategic investments in agricultural modernization and environmental improvement initiatives up to 2020.

Rural vitalization also presents an excellent opportunity to integrate innovative technologies, such as the “internet plus agriculture” model, blockchain technologies, and new decentralized rural wastewater and sanitation treatment systems.

Cooperation and planning with and between provinces and across different sectors will also ensure a fully integrated approach to the

many common problems suffered in the Yangtze River basin and in other rural areas.

It is essential that planning for rural and river recovery takes a holistic approach that looks at all the interconnecting issues along the ecological value chain, from mountains to oceans, since only this will ensure there is a full, long-term transformation.

The importance of the Yangtze to China cannot be overstated. The government has made it clear that the river’s rehabilitation is a high priority and has set an ambitious deadline for significant improvements.

Coordinated, long-term planning and actions will revitalize the rural economy and help restore the Yangtze to its full, well-deserved glory.

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