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Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**  
Economic Policy Directorate


  
  

## 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

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## 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.



## Framework Conditions

### 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](http://www.easygov.swiss)).



Thank you for your attention!



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