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Broadband Connectivity of E-Commerce

HUAWEI TECHNOLOGIES CO., LTD.



Conclusions

Global Connectivity Index 2017

<http://www.huawei.com/minisite/gci/en>

The Digital Chasm

- **The Digital Divide Has Become The Digital Chasm.**

Increasing Returns

- **The Law of Increasing Returns for ICT Infrastructure Investment.**
- **Every Additional US\$1 Invested Could Yield Up to US\$5 in Gdp Growth by 2025.**

ICT Infrastructure

- **ICT Infrastructure Initiates a Chain Reaction to Digital Transformation, with Cloud as a Potent Catalyst.**
- **Broadband or high-speed broadband is the means to greater economic growth.**

Digital Enablement

- **Bridging the Digital Divide to Connect People and Society**
- <http://www.huawei.com/minisite/digital-enablement>

Definitions and Trends

The Digital Economy Defined

“The ecosystem comprising goods, products, services, platforms and solutions that are either instrumental to or avail themselves of online connectivity.”

Digital Trade Defined

“Cross-border provision of goods, products, services and solutions that are instrumental to or avail themselves of online connectivity.”

1 Infrastructure



2 Services



3 Platforms & Ecosystems



4 Devices



What?

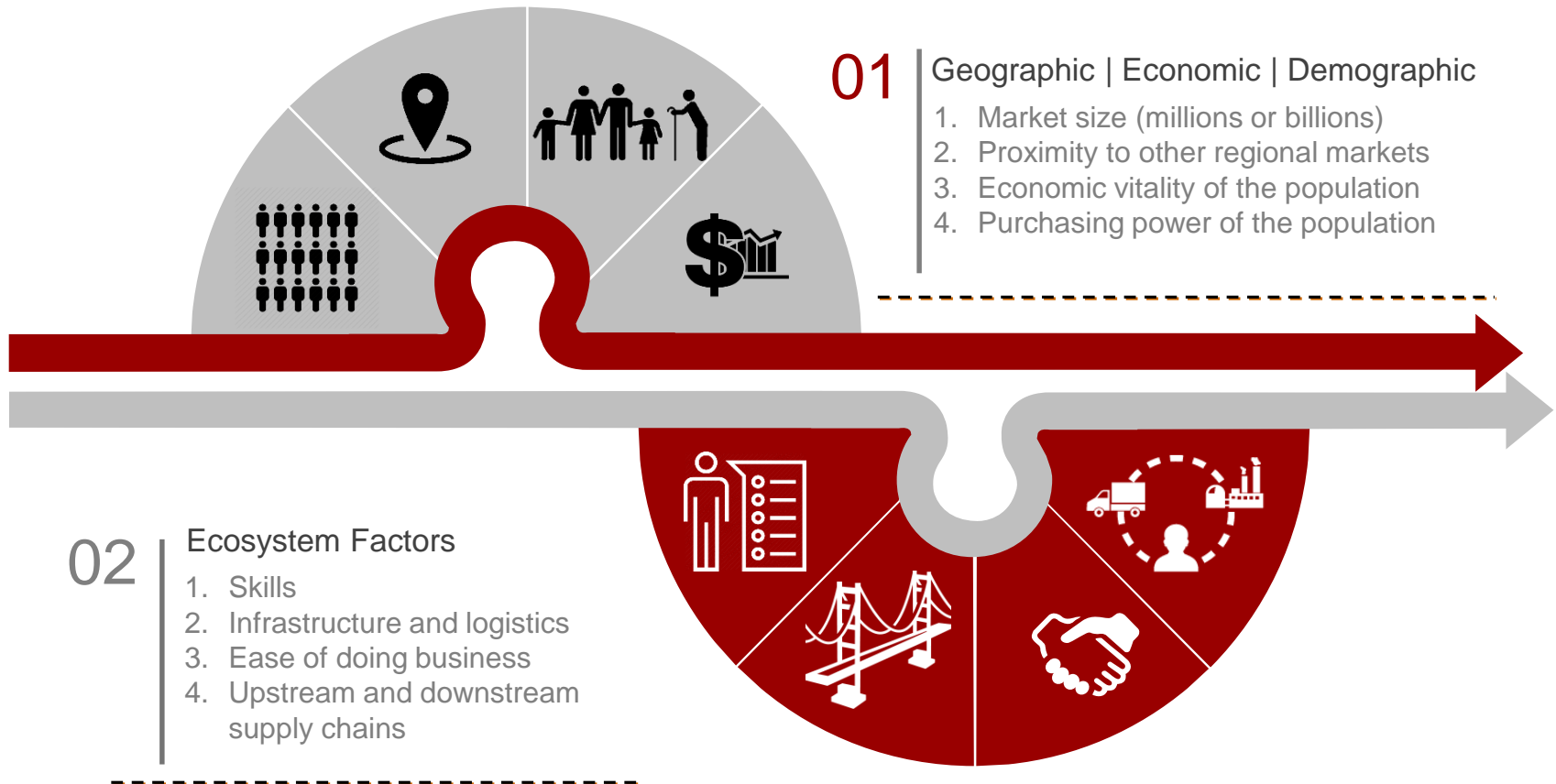
- > Telecommunications networks and connectivity infrastructure;
- > Optical fiber, cables, switches, signal amplifiers, servers, data centers, satellites, wireless base stations, mobile telephone towers, antennas, routers, modems, range extenders and other equipment that brings connectivity to our homes, offices and devices.
- > Information, communications and computing services;
- > Comprises everything from banking to retail to booking and paying for travel and accommodation, to finding and booking someone to clean your apartment and someone else to take you to your next appointment.
- > The result of multi-device connectivity, meaning we now connect to the internet with two or more devices and expect seamless operability;
- > Results in a winner-take-all competitive dynamic where the economics of network effects plays a very important role.
- > Traditionally desktops or laptops
- > Mobile telephones are portable super-computers capable of almost any functionality;
- > Wearables (watches headphones) becoming more prominent,
- > Trend moving towards the Internet of Everything.

Who?

- > Few large equipment vendors working with carriers;
- > 1000s of smaller players manufacturing and selling individual components.
- > Telcos who invest in build, operate and lease access to their networks;
- > Millions of other providers from Citibank to Uber and across many other sectors.
- > Google and Android versus Apple and iOS;
- > WeChat and Alibaba in China;
- > Amazon, Microsoft.
- > The future belongs to those who can make all of the devices users want;
- > And connect them seamlessly with ecosystems that they either own or control.





What Factors Attract?

Some factors are within and some beyond the control of policymakers



What Factors Attract?

Ecosystem factors and amenable policy interventions

Skills	Infrastructure	Business Climate	Up/downstream
			
Policy interventions	Policy interventions	Policy interventions	Policy interventions
Mandatory primary and secondary education for all	Infrastructure strategic vision with project pipeline	Reduce regulatory and compliance burden to the minimum necessary	Strategic medium to long term industrial policy vision for targeted clusters
Technical education with focus on STEM	Governance and contract mechanisms to reduce renegotiation risk	Independent, well-trained, and adequately-resourced judiciary	Tax breaks and incentives to foster specific sectoral value chains
Vocational colleges and apprenticeship programs	Transparent and predictable procurement, permitting and tax regimes	Highest-level political commitment to reduce corruption across the public service	Targeted interventions to develop and foster talent pools with local tertiary institutions
Immigration policies to attract the right skills from abroad	Contract mechanisms to hedge against currency risks	Commitment to open and contestable markets for all goods and services	Special economic zones with lower regulatory burdens and more open labor markets
Open education services markets	Possibility to resolve any disputes through international arbitration	Commitment to improving ranking on WB's Ease of Doing Business survey	Ease trade restrictions and lower trade costs (logistics) for importers and exporters in targeted sectors

What Factors Repel?

Anything that raises the cost of doing business or increases investment risk

Disruptive import procedures, discriminatory procurement and tax policies

These can massively tilt the playing field against foreign firms.

Capital Controls

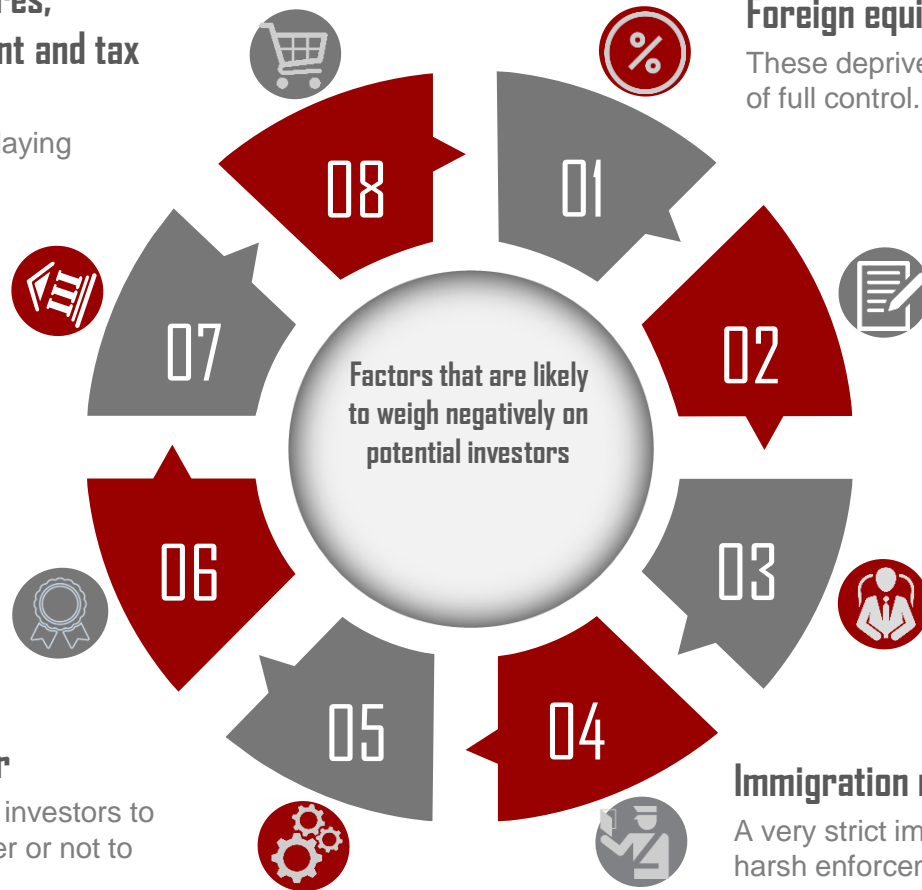
These and similar instruments raise the risk profile of a country for foreign investors.

Local content requirements

These can have a huge impact on investors' freedom of action.

Forced technology transfer

These requirements will force investors to consider very carefully whether or not to invest in a country.



Foreign equity limits

These deprive investors of full control.

Restrictions on forms of incorporation

These limit the options of investors and put them on an unequal footing with domestic firms.

Restrictions on appointing executives

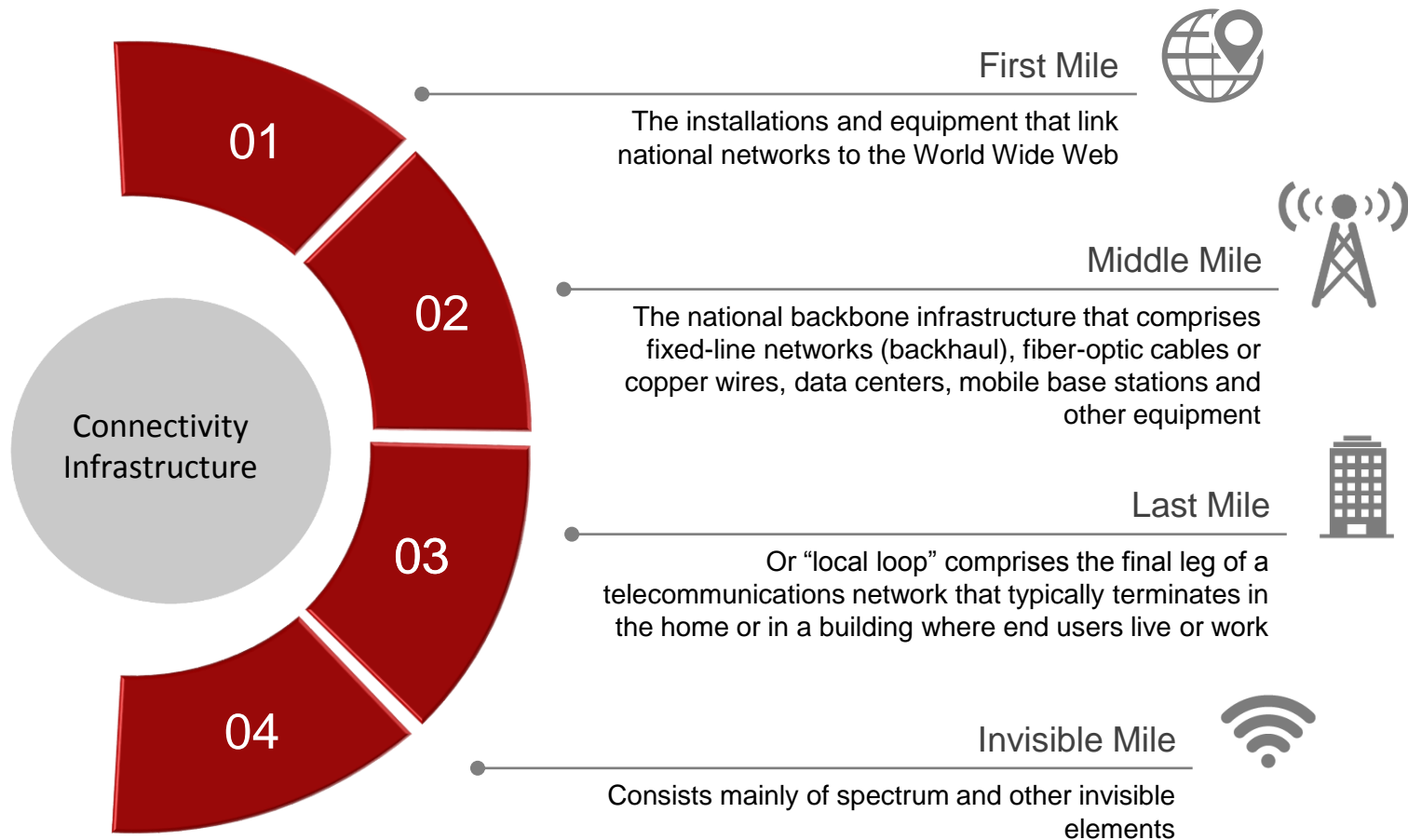
Investors want to appoint people they trust with proven track records.

Immigration restrictions

A very strict immigration regime with harsh enforcement will deter investors.

ICT Infrastructure | Digital Economy

The Four Segments of Connectivity Infrastructure

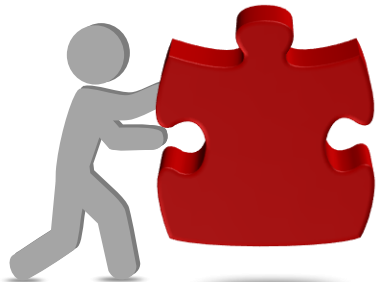


Conclusions

Some Characteristics of an Optimal Investment Regime

Market Access

- Have an open and non-discriminatory investment regime.
- Limit investment reviews to only the most clearly strategic assets.
- Limit the use of the nation security exception to the most clear-cut cases.



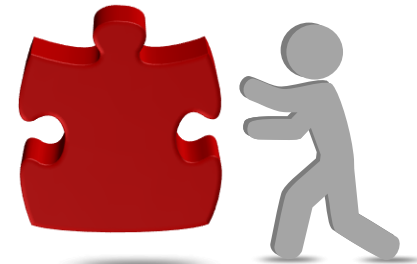
National Treatment

- Treat foreign investors the same as domestic investors in all areas of policy, regulation and legislation.
- Allow foreign investors to join local business associations



Partnership

- When contemplating far-reaching changes to the investment or business climate consult first with business and the private sector
- Work together with the private sector in enacting and implementing policy and regulatory reforms



Cross-cutting issues

- Skills
- Infrastructure and logistics
- Predictability of the investment climate | Ease of doing business | Rule of law

Thank you

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