POLICY SOLUTION

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A NEW GROWTH MODEL DRIVEN BY DIGITAL TRANSFORMATION AND AI

T20 U.S.

An informal engagement of global think tanks

Maria João Rodrigues, Chair of ReImagine Europa, Full Professor of Economics, Lisbon, Brussels, Oxford

ADVISORY COUNCIL

A New Growth Model Driven by Digital Transformation and AI

Maria Joao Rodrigues, *Chair of ReImagine Europa, Full Professor of Economics, Lisbon, Brussels, Oxford*

The Challenges, the Opportunities, the Threats

The digital transformation is one of the greatest changes of our time. With the Internet, World Wide Web, apps, and mobile connections, the use and distribution of knowledge became independent of time and space. With AI, knowledge can multiply individual intelligence with a collective one. The foundations of our societies and economies are being rebuilt.

Several concerns are emerging: geopolitical rivalries using digital tools to build up spheres of influence; economic and social divides between and within countries; the future of work and of jobs; interference in the democratic process; battles to conquer minds

The State of Play

Several policy initiatives have been launched over the last few years to shape and govern this transformation. Beyond national plans adopted almost everywhere, a range of multilateral efforts have also emerged.

- At the UN level, the World Summit on the Information Society (WSIS) process launched in 2004 and was recently renewed with an outcome resolution adopted by the UN General Assembly in 2025 based on the Global Digital Compact, which was defined in the framework of the UN Pact for the Future. An Independent International Scientific Panel on AI and a Global Dialogue on AI Governance were launched;
- All the recent G7 and BRICS summits have introduced this matter in their final declarations
- Special annual Summits on AI Impact were recently organized by the UK, France, and India, in addition to a plethora of Web Summits across the world

The objectives which have been identified to shape digital transformation and AI cover a wide range, from cybersecurity, competitiveness, human rights, sustainable development, public services, and media.

Hence, one can ask what the G20's added value can be. There is a compelling one: taking into account the **G20's core mission** of promoting growth in changing conditions, a new common task ahead should be to bring about a new growth model, making the best of digital transformation for prosperity, competitiveness, and jobs in a sustainable framework. Beyond differences and rivalries, all G20 members are confronted with this challenge, and a **new growth model driven by digital transformation** can be adapted to local needs with tailor-made versions.

Proposal: A New Growth Model driven by AI and Digital Transformation

The G20, starting with its Sherpas and financial tracks and involving its relevant ministerial meetings, should launch an organized exchange of national experiences about the following fundamental question: how can we develop a new growth model driven by digital transformation?

The general framework for this discussion can be based on the following model (see diagram in annex), which was built on the following assumptions:

- In order to improve their way of life, citizens look for new products and services. In order to improve their outcomes, companies work to meet these new demands with better solutions. When this interplay between demand and supply is stronger, more and better jobs can also be created**. Digital transformation can become a major driver to activate demand, supply, and job creation, bringing about a new growth model.**

The demand side can be activated when:

- Citizens equipped with a trusted e-wallet can receive their remuneration and social benefits in their bank accounts and use them swiftly to make electronic payments to buy different products and services available in open networks of digital commerce
- Companies can do the same to buy the inputs they need for their production
- Public administrations use their public procurement to encourage innovative digital solutions for infrastructure, health, education, and other public services
- International agreements are opening new opportunities for trade and foreign direct investment with digital components

In order to meet all these new demands, a lot must happen on the supply side:

- Companies must innovate in products, services, and processes using or inventing new digital and AI tools with larger or smaller language models and physical AI
- Companies also need to translate this into new interfaces with customers via apps and platforms, which will enable access to larger markets
- Companies will also use digital tools to reorganize their role in their larger supply chains, which operate at the local, national, or international level

For all this to happen, several enabling conditions must be built up:

- AI factories developing AI software for various sectors (manufacturing, agrifood, mobility, health, education, etc.) backed by high compute capacity and data centers
- A sovereign infrastructure of connectivity and data collection (DPI), Internet of Things and Cloud services to transform information and manage software
- A research system developing new scientific capacities to shape the digital transformation and AI solutions

- An education and training system equipping workers with new skills to be part of the digital transformation at different levels and in the various professional fields. New digital skills also to update governance and citizens' roles
- Access to critical raw materials and chips based on national sources and on the diversification of external sources
- **A financial system** able to provide effective and cheap means for electronic payments, to facilitate access to credit for SMEs based on a new range of collaterals (e-invoicing, etc.), to mobilize private capital to scale up companies, to provide pre-commercial contracts with innovative startups, to complement this with blended funding provided by development banks. A **governance system** able to engage the creativity of all relevant stakeholders in each sector and region will also be decisive

As the G20's core mission is promoting growth in changing conditions, it is high time to update its mission to the AI era, building on leading research in economic science.


A NEW EU GROWTH STRATEGY driven by DIGITAL TRANSFORMATION
New Way of Life - Successful and Innovative Products - New Jobs
Activate Demand Side
Activate Supply Side
Strategic Partnerships
Trade & Investment Agreements
WITH DIGITAL COMPONENT
DIGITAL CURRENCY
CREDIT CARDS
CAPITAL MARKETS
Funding
Funding
DIGITAL CREDIT CONDITIONS
Payments
Larger Market
COMMON STANDARDS IN DIGITAL FORMATS
Sales
E-Companies
DEVELOPMENT BANK
WITH DIGITAL PROGRAMME
OPEN NETWORK FOR
DIGITAL COMMERCE
JOBS
LEGAL REGIME IN DIGITAL FORMAT
Funding
CITIZENS DIGITAL WALLET
ONE STOP SHOP FOR
PUBLIC FUNDING
Public Procurement
WITH NATIONAL PREFERENCE
DIGITALISED SUPPLY CHAINS
FDI SCREENING ON
DIGITAL SOVEREIGNTY
Public Services
Social Benefits
WITH DIGITAL ACCESS
SOVEREIGN TECH FUND
PRE-COMMERCIAL CONTRACTS
SECTORIAL PLATFORMS AND APPS
SECTORIAL AI SOFTWARE AND LANGUAGE MODELS
RE-SKILLING HR
NATIONAL-OWNED DATA
Enabling Conditions
CYBERSECURITY SYSTEM
AI FACTORIES
SATELLITES
CABLES
CONNECTIVITY
SOVEREIGN CLOUD
FOR DEFENCE, ENERGY,
HEALTH, FINANCE
INTERNET OF THINGS
HIGH COMPUTING
PUBLIC SUPPORT TO STRATEGIC RESEARCH
(EX-QUANTUM)
CHIPS
CRITICAL RAW MATERIALS DIVERSIFICATION