Information Economy Report 2017

Digitalization, Trade and Development

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On the cusp of a new digital economy

The digital evolution has major implications for the implementation of the 2030 Agenda for Sustainable Development

Reduced cost of hard drive storage

Robotics
Artificial intelligence
Internet of Things (IoT)
Cloud computing
Big data analytics
3D printing
Both **opportunities** and **risks** for developing countries

**Opportunities**
- Empowerment of women
- Greater participation in global market & value chains

**Risks**
- Widening digital divides with increased income inequality
- Elimination of jobs and tasks due to automation
- Consumer protection, data privacy & cybercrime
Both opportunities and risks for developing countries

**The impacts depend on:**

- the readiness of countries
- the enterprises and people to take advantage of digitalization

**Preparing for the digital economy requires:**

a concerted, holistic, cross-sectoral and multi-stakeholder approach to policy making.
Digital economy is evolving fast…

Developing economies accounted for nearly 90% of the 750 million people that went online for the first time 2012-2015, India (177 m) China (122m).

Sources: UNCTAD, Cisco, ITU
But at different speeds and there are gaps …

Global connectivity gap

- 50% remains offline
- Only 1 in 6 in LDCs is connected

Gender gap

- In Internet use is most pronounced in developing countries

MSMEs are less prepared

- To take advantage of the digital economy

Sources: UNCTAD, ITU
The Internet can enable more inclusive trade

Better access to global trade for MSMEs / optimized supply chain

Digital technologies enable to **cut costs**

**Streamline supply chains**, market products and services with greater ease

More gains if SMEs:

- Obtain capacity-building, training and other technical assistance
- Serve a well-defined niche market rather than competing in mass markets

…but digitalization does not remove all barriers
Online labour platforms and cloud work

Benefits of cloud work

Independence and flexibility
- on where, how much and when to work

People in remote locations
- are offered new labour market opportunities

People with disabilities
- are offered possibility to perform digital tasks

Risks of cloud work

Race to the bottom of working conditions and more precarity

- Oversupply of jobseekers
- Lack of overtime compensation
- No minimum age protection
- Absence of health insurance
- No maternity and paternity leave
- No paid sick leave
- No ability to engage in collective action
Digitalization changes jobs and skills

1. New jobs and occupations created
2. Some jobs will disappear as a result of automation
3. The conditions of work will be affected
4. More work will involve digital skills

4 key changes due to increased digitalization
New skills needed in the digital eco

New skills & education adjustments required

- Strong non-cognitive, adaptive and creative skills

Strategic jobs needed

- Data scientists & analysts

Challenges:

- Cybersecurity vacancies: 1 million now; 1.5 million in 2019
- Changes in labour regulations may be needed to facilitate new jobs and skills transitions

Sources: Melguizo and Perea, European Commission, van Welsum and Lanvin
Connecting trade policies and Internet policies should be explored to strengthen the dialogue.

Trade negotiations are government to government.

Internet governance discussions are multi-stakeholder.
The policy challenge is multifaceted

Coordination
Effective cross-sectoral collaboration needed within the government and with other stakeholders.

A better measurement
Need to build the capacity of developing countries, and especially LDC, to collect more and better data on relevant aspects of the digital economy.
The policy challenge is multifaceted

Expand ICT Connectivity
- Secure an open, transparent telecommunications market
- Attract investment

Adapt trade promotion policies to the digital economy
- Trade promotion organizations can embed digital tools in their services offered to small businesses

Education and skills
- Retrain and upgrade the skills of workers and teachers
- Make use of redistribution policies

Trade logistics, digitalization and e-commerce
- Adapt to tsunami of parcels
- New technologies
- Cross-border data flows
Boost international support

To prevent widening digital divides and greater income inequalities, the international community will need to expand its support on a massive scale.

Current levels of support are inadequate

- **1.2% Share of ICT**
  - in total aid for trade declined from 3% in 2002-2005 to 1.2% in 2015

Boost international support to developing countries

Make use of the eTrade for all initiative ([etradeforall.org](http://etradeforall.org))

Source: WTO
Discover the Information Economy Report 2017 on unctad.org/ier
Save the date!

• E-COMMERCE WEEK 2018
• 16-20 APRIL 2018 in GENEVA
• Second session of the UNCTAD Intergovernmental Group of Experts (IGE) on E-commerce and the Digital Economy

Key facts

More than 1'000 participants in 2017

5 day-event including a 3-day dedicated meetings of experts (IGE 2018) on leveraging platforms and digital entrepreneurship for development

1 high-level conversation, eTrade for all private partners meeting, networking opportunities … and much more…
Thank you!