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**The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.**

## **Intergovernmental Group of Experts on E-commerce and the Digital Economy UK written contribution**

### **What is the role of digitalisation during the coronavirus disease pandemic and during recovery in countries at different levels of development?**

During the pandemic, we have seen the disruption of business models and trade processes on an unprecedented scale. According to a survey conducted by McKinsey, this has led companies to rapidly accelerate the digitisation of their customer and supply-chain transactions and of their internal operations by 3 to 4 years.<sup>1</sup> Moreover, the share of digital or digitally enabled products in business portfolios has accelerated by 7 years.<sup>2</sup> This has allowed supply chains to be diversified, creating new opportunities for participation in international trade that did not exist before. For example, consumers have been able to use digital technology to order goods from around the UK and abroad and have it delivered door to door.

Digital platforms have created significant opportunities during the pandemic, such as: enabling flexible working to allow continuation of employment; increasing access to essential goods and services; and lowering financial and social barriers to participation in trade. Digitalisation has allowed for greater participation for Micro, Small and Medium-sized Enterprises (MSMEs) in the global economy and promotion of gender equality and inclusivity by providing women entrepreneurs greater access to the global market.

However, the COVID-19 crisis has illustrated deep inequities within and across countries, and this has accelerated the need for digital technologies to become a key part of the global response to this pandemic. This includes better access to affordable, sustainable and secure connectivity, safer digital engagement, developmental application of digital technologies, enhancement of ICT skills and capabilities, access to vital services and content (e.g. digitalised government services, digital), more inclusivity and accessibility (including for underserved communities and groups like women and PWDs), and support to more conducive telecoms regulations, licencing and spectrum management for inclusive digital transformation.

### **What have been the challenges faced in harnessing digital solutions to cope with the pandemic?**

The main challenge is that 3.7 billion people<sup>3</sup>, almost half of the world's population, remain unconnected to the internet.<sup>4</sup> During the pandemic, many firms, particularly in developing

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<sup>1</sup> McKinsey & Company (2020) 'How Covid-19 has pushed companies over the technology tipping point- and transformed business forever.'

<sup>2</sup> J Meltzer (2019) 'Governing Digital Trade'

<sup>3</sup> ITU 2021 <https://www.itu.int/hub/2020/12/more-urgent-than-ever-universal-connectivity-to-bring-3-7-billion-people-online/>

World Economic Forum <https://www.weforum.org/agenda/2020/04/coronavirus-covid-19-pandemic-digital-divide-internet-data-broadband-mobile/>

countries, have struggled to operate amid a leap into digitalisation, and often are forced to operate below capacity or become excluded from supply chains. More generally, digitally-underserved communities had insufficient access to vital public health information and services, to distance learning, to remote work and to digitally-enabled enterprise opportunities. Digital exclusion and lack of overall inclusive, responsible and sustainable digital transformation in developing and emerging economies have exacerbated the direct and indirect impact of the pandemic, and hindered pandemic response and mitigation initiatives.

Digital trade depends both on digitally enabled systems and processes, and on widespread digital infrastructure and reliable connectivity. The rapid pace of digital transformation means that global trade rules have not kept up. A lack of digitally enabled systems, such as connectivity and digital infrastructure based around common standards and norms, may have increased the time and cost of doing business across borders and may have been less effective at safeguarding businesses and individuals. An example of this during Covid-19 has been electronic transferable records. This is a particular hurdle for all forms of digital trade, as there is a continued legal requirement in many countries for paper documentation and ‘wet’ signatures. Requirements in law to exchange physical documents and contracts make deal-making slower and more expensive. This is because one transaction involving moving goods across borders can require between 10 and 20 paper documents, totalling over 100 pages.<sup>5</sup> Other examples include limited digital skills, imperfect information and lack of locally relevant digital content and services, which have also limited the extent to which businesses, especially MSMEs, have been able to benefit from online activities during Covid-19.

Fragmented rules and regulations have also been a challenge during the pandemic as they negatively impact businesses in cross-border transactions, even if each regulation is proportionate and effective when considered solely in a domestic context. This ultimately restricts growth of global trade as processes do not operate effectively, hindering the recovery of the pandemic. A key example of this is the rule on electronic transferable records. If regulation on this becomes interoperable and coherent internationally, (i.e., through the adoption of United Nations Commission on International Trade Law(UNCITRAL) model law on electronic transferable records), it will build momentum for free and fair digital trade which benefits everyone.

### **What are the lessons to be learned from policy responses?**

During the COVID-19 pandemic it has become apparent that a significant part of the global population remains digitally excluded. More needs to be done by way of countries improving their policies and regulatory frameworks affecting digital transformation, catalysing innovative and inclusive technology and business models for digital access, launching programmes to build local digital capacity and support digitally-underserved communities and groups from disadvantaged backgrounds. This includes promoting local digital platforms from public, private and third sectors

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<sup>5</sup> Board of Trade Review 2021 pg34  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1035370/digital-trade-a-board-of-trade-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1035370/digital-trade-a-board-of-trade-report.pdf)

to improve digital skills and capability, advance digital inclusion and build thriving regional economies.

Therefore, the UK Government has established a strong portfolio of carefully targeted programmes to address digital exclusion locally but also help support developing countries in digitalising their economies.

### *Digital Skills*

To improve digital skills and capability, advance digital inclusion and build thriving regional economies, the UK has launched several Digital Skills Partnerships, at both the national and local levels, to bring together organisations from the public, private and third sector. One example is the 'Skills Toolkit', launched at the start of the pandemic. This was a new, free online learning platform to improve workplace skills such as conducting video calls. The platform offered furloughed employees an opportunity to maintain their skills development. More recently, it also announced £8 million of funding for digital skills 'boot camps'<sup>6</sup> to allow adults without A-level or equivalent qualifications to be offered a free fully funded college course, providing them with skills valued by employers.

As certain groups are more likely to be digitally excluded than others, the UK has further established the Digital Skills Innovation Fund to support initiatives that aim to help underrepresented groups or people from disadvantaged backgrounds get into digital roles or further training, providing £1.1m funding for four regional programmes.

To help address these issues globally, the UK's Foreign, Commonwealth and Development Office (FCDO) **Digital Access Programme<sup>7</sup> (DAP)**, in partnership with the Department for Digital, Culture, Media and Sport (DCMS), helps address the fundamental constraints to responsible and sustainable digital inclusion and transformation (e.g. last-mile connectivity) through technical assistance and capacity building in Kenya, Nigeria, South Africa, Brazil and Indonesia. From the beginning of the pandemic, the DAP has pivoted to support digital inclusion as a key enabler of pandemic response and mitigation. For example through promoting affordable and sustainable connectivity for health centres and schools in remote areas, supporting telemedicine national strategies and community-level services, helping e-learning to be rolled out for students living with disabilities, and enhancing digital employability for underserved groups, especially women in low-income areas.

### *Gender Inclusivity*

Through the **SheTrades** Commonwealth programme, the UK is supporting women-owned businesses to take advantage of online trading opportunities, including through the use of digital platforms. This work is particularly important in the context of the COVID-19 pandemic, as it is helping businesses in 30 countries across Africa, Asia, South America, the Caribbean and Europe to adapt their operating models and maintain client bases during global lockdowns.

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<sup>6</sup> UK Parliament <https://post.parliament.uk/covid-19-and-the-digital-divide/>

<sup>7</sup> FCDO Development Tracker <https://devtracker.fcdo.gov.uk/projects/GB-1-204963/documents>

The FCDO is supporting Indian trade and Investment for Africa (SITA) between India and five East African Countries: Ethiopia, Kenya, Rwanda, Uganda and Tanzania through the **#SheGoesDigital** project. This initiative is created to provide training in high-demand skills to young Kenyan female university graduates from marginalized backgrounds, some of whom are using new digital skills to export products to international markets for the first time. Over 75% of SITA's graduates opt for post-training internships. These are paid, which is not yet a standard practice in East Africa.<sup>8</sup> Today, 55% of graduates have confirmed full time employment and this is expected to increase.<sup>9</sup>

### *Development*

Covid-19 highlighted the fundamental role that digital ID and government-to-person (G2P) payment ecosystems can play in helping a country to deliver services and social assistance to its people rapidly, effectively and responsibly. Therefore, the FCDO supports the World Bank's **Identity for Development (ID4D) Programme**<sup>10</sup>, which produces evidence and guidance on the best approaches for building trusted, secure and inclusive digital identification systems; brings implementers together to share lessons and experiences of what works and why; and provides direct technical support to countries to roll-out digital identity systems.

### *Promoting Digital Trade*

In 2020, the UK launched a pilot initiative called the Digital Trade Network (DTN), dedicated to promoting UK digital trade in the Asia-Pacific region. The new network was created to help create and support jobs by increasing exports and attracting international investment. It will also ensure the industry can take advantage of new Free Trade Agreements. During 2021, the DTN has worked to promote investment in UK's tech sector and has since supported over 120 UK tech scaleups in this region.<sup>11</sup>

The UK was the first government to set up an online portal for UK companies to sign up to international marketplaces with the help of the Department for International Trade. Currently, there are 51 international marketplaces listed from all over the globe – Rakuten in Japan, Spartoo in France, Catch in Australia, as well as Amazon and eBay.

### **Moving forward, what is the role of international cooperation?**

International policymaking and cooperation is vital in the recovery of the pandemic and can help ensure all countries can access and reap the benefits that digitalisation offers through an open and collaborate joined up approach.

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<sup>8</sup> SITA <http://www.voicesofsita.com/2017/10/27/shegoesdigital-with-success/>

<sup>9</sup> SITA <http://www.voicesofsita.com/2017/10/27/shegoesdigital-with-success/>

<sup>10</sup> The World Bank, <https://id4d.worldbank.org/>

<sup>11</sup> UK Board of Trade Report: digital trade, 25 November 2020 (<https://www.gov.uk/government/publications/board-of-trade-report-digital-trade/board-of-trade-report-digital-trade-html-executive-summary>)

The UK is a global champion of a free, open, and competitive digital economy and is ready to work closely and collaboratively, both multilaterally and bilaterally, with countries to work towards accessibility of digital technology. This is illustrated by the UK Secretary of State for International Trade, who has set out her five-point plan for embracing the opportunities of digital trade: open digital markets; data flows; consumer and business safeguards; digital trading systems; and international cooperation and global governance.<sup>12</sup>

Multilaterally, we used our G7 Presidency to rally the G7 around a ground-breaking and comprehensive set of Digital Trade Principles<sup>13</sup>, including guiding the development of rules and norms for digital trade. The UK wanted to show how updating the global rulebook and advocating for free and fair digital trade can benefit everyone. The UK supports other ongoing multilateral initiatives to tackle the fragmentation of global rules governing digital trade. For example, negotiations are underway at the WTO to make the global trade rules fit for the 21<sup>st</sup> century through the E-commerce Joint Initiative. Additionally, significant work has taken place at UNCITRAL to create model laws on issues such as electronic commerce and electronic transferable records. The UK actively participates in these fora and encourages all countries to participate in the WTO negotiations as we want the rules for digital trade to work for all economies, whether developed or developing. International standards will increase business certainty and support interoperability between different digital systems meaning new goods and services can be brought to multiple markets more easily.

An example of the UK encouraging WTO negotiations is by funding the **Trade and Investment Advocacy Fund (TAF2+)** programme. This programme has been closely supporting developing countries' participation in the WTO e-commerce JSI discussions since January 2020 through its Umbrella Grant (UG) on WTO JSIs. Among the 10 beneficiary countries of the UG, 3 developing countries (Guyana, Mauritius, Mexico) and 3 LDCs (Laos PDR, Senegal, Nepal) have so far benefited from deep-dive work and analysis on e-commerce (the WTO JSI of their choice). The grant will support Myanmar, Columbia, Afghanistan and Jamaica in a second phase of funding. The support has included two national stakeholder workshops in each country and the production of an in-depth national analytical study per country, to help formulate their negotiating positions for the WTO e-commerce JSI negotiations.

Another way to address digital challenges is bilaterally. Here, the UK has secured ambitious digital trade provisions in Free Trade Agreements with Japan, Australia, and New Zealand. Last month, the UK and Singapore signed the world's most innovative trade deal. This was also the first digitally focused trade deal ever signed by a European nation.

The above illustrates both the role of international cooperation going forward through ongoing multilateral and bilateral negotiations and the UK's role within it.

## Conclusion

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<sup>12</sup> Gov.uk <https://www.gov.uk/government/publications/digital-trade-objectives-and-vision/digital-trade-objectives>

<sup>13</sup> Gov.uk <https://www.gov.uk/government/news/g7-trade-ministers-digital-trade-principles>

The Covid-19 crisis has illustrated the need for digital technologies to become a key part of the global response to this pandemic. For this reason, the UK has implemented several initiatives to address digital divides such as inclusive technology and business models for last-mile connectivity, digital skills, and locally-relevant digital content and services, as well as digital entrepreneurship and digital trade opportunities. However, it is clear international cooperation will be vital, through multilateral and bilateral negotiations, to ensure both the recovery of the pandemic and that all countries can access and reap the benefits that digitalisation offers.