



**Fifth session of the IGE on e-commerce
and the digital economy
Opening session
Speech by Rebeca Grynspan
UNCTAD Secretary-General
27 April 2022**

Querido Embajador de Panama, Querido Alfredo

Queridos Embajadores de Indonesia, de Chile

Excellencies,

Distinguished delegates and experts,

Ladies and gentlemen,

It is a pleasure to be with you today.

This is the fifth time we gather in this setting, but the first time after our 15th Ministerial Conference. At UNCTAD 15, there was broad consensus among member States that the

widening digital divide and the uneven speed of digital transformation are major global challenges for the world we aspire.

Today, countries' ability to participate and benefit from economic opportunities greatly depend on their digital capacities. And even more so in the future, as the world goes ever more digital.

Also, the COVID-19 pandemic has made evident the importance of digital technologies and relevant business models to build resilient systems that are open, inclusive, secure and benefit all.

The problem is that the digital economy of today is highly unequal. Let me share some facts:

One third of the world's population remains offline.

Almost three quarters of people living in least developed countries have never been online. For those that are, their connection is slow and the price they pay is relatively high.

The average mobile broadband speed is about 3 times higher in developed countries than in LDCs.

And the nature of use also differs. For example, while up to 80 per cent of internet users shop online in several developed countries, less than 10 per cent do so in many LDCs. Thus, emerging and fast-growing markets remain untapped.

There are also significant divides within countries: Between rural and urban areas, or between men and women. The largest gender divides are found in LDCs and in the African region.

As our 2021 Digital Economy Report 2021 showed, the traditional digital divide is compounded by a data-related divide. The United States and China are frontrunners in harnessing data, while many developing countries are primarily data providers, unable to transform and market data.

This means that governments in developing countries do not only need to address a large number of policy areas in parallel and in a coordinated manner, but also keep up with new challenges emerging from the fast-evolving digital economy.

If the gaps are left unaddressed, they will further exacerbate existing inequalities.

Ladies and gentlemen,

Countries' digital transformation cannot be a luxury. It must be an essential element of a more inclusive and productive society.

This is why member States have called for the strengthening of UNCTAD's work on assisting developing countries to enhance their readiness to engage and integrate into the digital economy.

And we need more multilateral dialogue on digital trade and cooperation to enhance the development potential of the digital economy.

We need to exchange experiences; learn from each other; ensure coherence and avoid potential duplication of work with other competent fora; seek input from all relevant actors; provide an inclusive, balanced and well-informed exchange; and ensure credibility of the outcomes. This Intergovernmental Group of Experts is your space for these dialogues. It is your knowledge and contributions that render it so valuable.

The focus of our fifth session of this meeting is on "Recovering from COVID-19 in an increasingly digital economy: Implications for sustainable development". The topic cannot be more fitting.

The COVID-19 pandemic is not yet behind us, but the past two years have taught us lessons on digital technologies, their challenges and their opportunities, which are important to retain. The next three days are an opportunity for member States and other stakeholders to take stock of where we are, what we have learnt, and what we can do better.

Even as COVID-19 may eventually become an image in our rear mirrors, digitalization of social and economic activities will continue moving in the fast lane. Many behavioural

changes observed during the pandemic will persist after the crisis, shaping the recovery and the efforts to achieve the SDGs.

And new challenges are emerging. Critically, the environmental cost of the digital economy. The surge in digital data adds to CO2 emissions. As we watch more videos online, play more digital games, and use ever more sophisticated smart devices, we are generating more data and therefore also using more energy. This may seem invisible, but the environmental cost is real and big. To give you an example: 1.6 billion trees would have to be planted to offset the pollution caused by email spam.

Digital transformation affects us all but in different ways.

This brings me to a crucial point: The importance of governance.

The way we govern the process of digital transformation greatly determines the outcome. Governance involves setting the rules of the game for all actors involved in digitalization. It affects who will benefit and lose from digital disruption; how the value created in the digital economy will be distributed; who will be responsible for addressing possible externalities from the use of digital solutions; and to what extent digital markets will be competitive and open.

We need to come together and look for policies and approaches that foster inclusive and sustainable outcomes.

The policy challenges involved are complex and require cooperation. In some areas, there is a clear need for responses beyond the national level. They include competition, taxation, data and trade policies. Finding suitable responses will require effective international collaboration and policy dialogue, with full involvement of countries at all levels of development. In this context, achieving consensus means to have the flexibility to account for the variation in digital readiness in different countries.

In UNCTAD, we are committed to accompanying member States with analysis, data and evidence for informed decision-making, policy options and practices aimed at benefiting from the digital economy.

This Group of Experts is a means to building a digital economy that works for the many and not just for the few.

Thank you for your attention.