



**Statement by His Excellency Mr. Diego Aulestia Valencia  
Ambassador and Permanent Representative of Ecuador  
Chairman of the Group of 77 and China  
at the Sixty-eighth executive session of the  
Trade and Development Board**

*Monday, 30 September 2019*

**Item 5 – Capturing value in the digital economy**

Mr. President, H.E Michael Gaffey (Ireland),  
Mr. Mukhisa Kituyi, Secretary General of UNCTAD,  
Mrs. Shamika Sirimanne, Director of the Division of Technology and Logistics,  
Excellencies,  
Ladies and Gentlemen,

1. First of all, I would like to thank the panelists for your presentations highlighting the importance of digital divide and the peculiarities of value capture in digital world providing actual examples.
2. The Group of 77 and China would like to recognize the profound analysis presented in the 2019 Digital Economy Report. The findings included in the document contribute to set the stage for further debate on the subject at the national and multilateral level. We would like to congratulate the staff of the Division on Technology and Logistics and its Director, Mrs. Shamika Sirimanne. This report is an important guide for the future of UNCTAD's work in this field.
3. The Group of 77 and China expresses its concern regarding the growing gaps between the developed and the developing world, particularly in the technological and regulatory fields. For many developing countries, particularly least developed ones, the preconditions to set up national policies and legal frameworks on digital economy-related activities are not yet present. We are facing challenges that we are not yet equipped to overcome. Many developing economies are completely marginalized from the productive core aspects of the digital economy, and thus take part mainly as guests on digital platforms. At the same time, we have no other option but take part in global digitalized economic activities.
4. We commend the importance that the report assigns to the harmful inequality derived from these digital divides.
5. Multilateral synergies are required if United Nations Member States would like to keep their commitment to achieve Agenda 2030 and the Sustainable Development Goals. The Group of 77 and China invites all member States to participate in discussions on the digital economy from a development perspective here at the United Nations Conference on Trade and Development.
6. Denying the possibility of addressing all the digital economy aspects from a development perspective will be detrimental to the development prospects of the majority of the planet. Latin America and the Caribbean, Africa, many Asian economies and smaller countries in the Pacific are

falling behind. The Group of 77 and China invites other member States not to allow issues like data-related policies to become another invisible elephant in room XXVI.

7. This may be a new opportunity to explore the possibilities of using policy space wisely to reduce inequalities and set up the bases of inclusive and sustainable economic growth. The Group of 77 and China understands digital issues encompass several disciplines and believe these should not be addressed in isolation. Indeed, the report reinforces the view that taking advantage of the expansion of the digital economy depends upon digital readiness and public policies adopted at the national, regional and international levels.

8. We would like to echo some of the recommendations contained in the report, notably the tax framework to be addressed at the national and multilateral level. This is an important issue because “inherent characteristics” of digital platforms may facilitate tax avoidance. The same criteria apply to competition policy and the need for a concerted international action.

9. The Group of 77 and China acknowledges that the effects of the digital economy on labour must be addressed beyond the framework of the International Labour Organization. At the same time, employment is an integral part of economic policy-making and the Group therefore believes that it is UNCTAD’s duty to incorporate the results of ongoing debates into its research and analysis and intergovernmental discussions.

10. In the case of intellectual property rights and obligations, the Group of 77 and China understands the discussion should go further than what is actually covered by the Digital Economy Report 2019. Without aiming to evade commitments in other fora, technology transfer is still a key element to help developing countries cope better with the immense gaps separating them from the developed world. Local innovation is required to develop a conducive environment at the national level, but minimum tools and knowledge are also required, yet these are often financially and technologically inaccessible.

11. We, developing countries, should avoid becoming mere providers of raw data and consumers of products or services derived from its refinement. Doing so, would only replicate the historical experience of our countries in the world economy.

12. So far at UNCTAD we have seen positive steps in the direction of a multilateral dialogue on Digital Economy issues, through the Intergovernmental Groups of Experts on Competition, Consumer Protection, E-commerce and Digital Economy and the recently created Group on Measuring E-commerce and the Digital Economy. We would like to congratulate UNCTAD on this work, and to reiterate our high expectations on what we can achieve in the framework of this organization.

Thank you.