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**Report of the Intergovernmental Group of Experts
on E-commerce and the Digital Economy on its fourth session**

Held at the Palais des Nations, Geneva, from 14 to 16 October 2020

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Introduction

The fourth session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy was held from 14 to 16 October 2020 at the Palais des Nations in Geneva, with physical and remote participation.

I. Action by the Intergovernmental Group of Experts on E-commerce and the Digital Economy

A. Working Group on Measuring E-commerce and the Digital Economy (Agenda item 4)

1. At a meeting on 16 October 2020, the Intergovernmental Group of Experts on E-commerce and the Digital Economy agreed on the following topics for the second meeting of the Working Group on Measuring E-commerce and the Digital Economy:

(a) Progress in measuring electronic commerce (e-commerce) and digital economy work by relevant international organizations;

(b) Next steps in the implementation of the revised UNCTAD Manual for the Production of Statistics on the Information Economy;

(c) The use of non-survey sources of data to supplement the traditional measurement of e-commerce and the digital economy.

B. Provisional agenda of the fifth session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy (Agenda item 5)

2. At its closing plenary meeting, on 16 October 2020, the Intergovernmental Group of Experts on E-commerce and the Digital Economy decided to defer a decision on this agenda item to the Trade and Development Board. The UNCTAD secretariat would compile the proposed topics received from member States on the agenda and guiding questions (see annex I), which would be presented for consideration by the extended Bureau of the Board, and the provisional agenda would be decided by the Board.

II. Chair's summary

A. Opening plenary

3. The Secretary-General of UNCTAD delivered a statement, followed by statements made by the representatives of the following delegations: United Kingdom of Great Britain and Northern Ireland; State of Palestine; Côte d'Ivoire; Guinea; India; and Kenya.

4. In his opening remarks, the Secretary-General of UNCTAD emphasized that the importance of the Intergovernmental Group of Experts on E-Commerce and the Digital Economy had never been greater, as the coronavirus disease (COVID-19) pandemic had made the value of digital technologies further evident. More people were shopping online and increasingly relied on the Internet, yet due to persistent digital divides, many could not take full advantage of the opportunities of digitalization. A focus on value creation and capture in the digital economy had thus become even more critical since the outbreak of the pandemic. The dominant role played by global digital platforms had been accentuated, as most of the digital solutions used to cope with the crisis were being provided by a few major companies, mostly based in China and the United States of America. The need to address digital divides and weaknesses in the digital economies of member States was even more acute. To achieve a better recovery, the digital dimension had to be kept high on the

policy agenda and policy responses needed to balance opportunities with the risks involved. The Secretary-General stated that Governments, in dialogue with other stakeholders, should shape the digital economy, taking action at both the national and international levels. Differences in digital readiness and high levels of market power concentration required a structural reform of policies and regulations, to ensure a fair distribution of the gains from digital disruption. To realize the development potential of the digital economy, international collaboration and policy dialogue needed to address the unequal gap between producers and consumers, while including significant flexibilities to account for variations in digital readiness.

5. The UNCTAD secretariat introduced the background document on digital platforms and value creation in developing countries and the implications for national and international policies (TD/B/EDE/4/2). Digitalization was transforming economies through the growing importance of data and digital platforms, bringing opportunities and challenges and affecting progress on all of the Sustainable Development Goals. In data value chains, the economic value of data arose once data were refined into digital intelligence that could be monetized. Differences in digital readiness risked widening inequalities, and developing countries needed to improve readiness and tackle significant remaining divides related to connectivity, skills and capacities, legal and regulatory frameworks and data infrastructure. The geography of the digital economy was highly concentrated in China and the United States. Yet local knowledge could be an important competitive advantage, to enable tailored solutions, but there were significant bottlenecks in the digital entrepreneurial and innovation ecosystems in developing countries. Opportunities from digital data and platforms could be used for development purposes, helping to reduce transaction costs, expand market size and allow for economies of scale, provide employment opportunities and increase the choice of goods and services available at a lower cost, while start-ups in developing countries could find opportunities in new product categories or niche markets not served by global platforms. However, challenges included limited statistics availability for designing policy solutions; the growing market dominance of global platforms; access constraints; threats to indigenous innovation ecosystems; the taxation optimization of global platforms; gig work without security nets; and issues related to data sovereignty and cross-border data flows. There was a risk that developing countries might be in subordinate positions in the global data value chain. Policymakers needed to reverse the trend towards widening inequalities and doing so should involve a shift in policy focus from usage and consumption to production and innovation, aimed at a fair distribution of wealth creation in the digital economy. Policy areas requiring particular attention were strengthening readiness and digital entrepreneurship, the digitalization of microenterprises and small and medium-sized enterprises and areas related to data, competition, taxation, labour markets and development cooperation. For inclusive digital transformation, efforts tailored to national objectives in developing countries needed to be supported by more international support. Finally, the secretariat presented the four guiding questions to be considered, as follows:

(a) How is value created in digital economy activities and what are the implications for countries at varying levels of digital readiness?

(b) What are the opportunities and challenges for value creation that developing countries face when dealing with global digital platforms?

(c) What role can national policies play to help countries create and capture more value, including bridging digital divides, boosting digital entrepreneurship and harnessing local digital platforms?

(d) What role can international policymaking and cooperation play to promote a more inclusive digital economy?

6. Many delegates stressed the importance of value creation and capture in the digital economy, highlighting the role of data, which was even more evident with the acceleration of digitalization resulting from the pandemic. There was broad emphasis placed on the fact that the digital economy offered opportunities but also significant challenges with regard to fairly sharing the gains, strongly linked to monopolization and market power concentration, which needed to be addressed. Women and small and medium-sized enterprises were

particularly disadvantaged. One delegate highlighted problems related to the lack of market access to global platforms in some developing countries. Several delegates emphasized the need for developing countries to improve their digital capabilities, to engage in and benefit from e-commerce and the digital economy, and highlighted the role that UNCTAD could play in this regard.

B. Digital platforms and value creation in developing countries: Implications for national and international policies

(Agenda item 3)

7. Under the agenda item, the Intergovernmental Group of Experts on E-commerce and the Digital Economy held five round-table discussions.

1. Value creation in the digital economy

8. The panellist for the first discussion, the author of several books about technology and politics and the founder of The Syllabus, addressed the first part of the first guiding question for the Intergovernmental Group of Experts, namely, how is value created in digital economy activities? The panellist noted that the notion of the digital economy was vague, spanning areas of activity that were different in orientation, target audience and the way in which value was generated. The first area focused on consumers and individuals and, although limited, dominated most discussions on the digital economy. This included platforms that essentially facilitated trade, with individuals and small and medium-sized enterprises, but also a few large brands, using them to buy and sell products, as well as social media platforms and online search engines, which basically acted as advertising companies. Larger platforms benefited from low costs, as well as their size, precarious working conditions and access to data, which allowed them to stay ahead of the competition and raised anti-competitive concerns. However, such a narrow focus did not reveal anything about the more invisible parts of the digital economy, namely, the sale of cloud computing services or the competition and artificial intelligence-related issues with regard to services, which was where most of the money and research and development investments into the digital economy were concentrated and significant profits were made. This secondary layer of data was used to develop artificial intelligence models and more advanced technologies. Popular digital platforms, often subsidized by venture capital, offered free or less expensive services to obtain market shares, but once their objectives had been met, prices might be raised and adjustments made to business models. The panellist noted that significant investments in the digital technologies sector needed to be investigated. There were vast, visible connections between the consumer side, normally dismissed as trivial, and the more sophisticated and technologically interesting and intensive services-oriented side, in particular services offered to Governments and corporations. There was a need for a better model of how the two sides were interconnected. This was an issue of geopolitical competition, to determine who would dominate the most advanced part of the digital economy, mainly with regard to infrastructure, in particular infrastructure offered as a service. The panellist noted that alternative models of social organization in which cloud computing and artificial intelligence were treated as a public good could help make the economy more productive and could unlock even more innovation, collaboration and alternative business models.

9. During the ensuing discussion, many delegations reiterated that there were opportunities for value creation in the digital economy but that significant digital divides, in particular for women and microenterprises and small and medium-sized enterprises, as well as limited capacities in developing countries, posed significant challenges to inclusiveness. In this regard, one delegate also highlighted language-related challenges. There was broad emphasis placed on the need to build digital capacities, for countries to engage in and benefit from e-commerce and the digital economy. In addition, for the fair distribution of gains, monopoly trends and concentrations of market power in a few digital platforms needed to be addressed. Many delegations highlighted different policy areas in which it was necessary to act, including the development of digital infrastructure and skills; establishment of appropriate legal and regulatory frameworks; and provision of access to

finance; as well as industrial policies to develop domestic digital economies, including local platforms; policies to enhance awareness, knowledge and trust; and policies related to competition, taxation and technology transfer. International policy dialogue was considered key in this context. There was broad emphasis placed on the fact that the acceleration of digitalization resulting from the COVID-19 pandemic had brought even more urgency to addressing such policy actions.

2. Implications for countries at varying levels of digital readiness

10. Panellists for the second discussion, centred around the second part of the first guiding question for the Intergovernmental Group of Experts – what are the implications for countries at varying levels of digital readiness? – comprised the Director of the Telecommunication Development Bureau, International Telecommunication Union; the Chief of the International Trade Unit, Economic Commission for Latin America and the Caribbean; the Executive Director of Research ICT Africa; and the founding Chair of LIRNE [Learning Initiatives on Reforms for Network Economies Network] Asia.

11. The first panellist highlighted the wide digital divide in access to and the use of digital infrastructure, tools and platforms, which had implications for national economies and development. The pandemic had made evident the lack of access to digital solutions and connectivity among many small and medium-sized enterprises, in particular in developing countries. Access to meaningful connectivity was crucial for continuity during the pandemic, for individuals, businesses and Governments. At the national economy level, better connectivity had generally meant stronger resilience and faster recovery to date. The case for universal connectivity had been made for many years, yet far too many people were still excluded from its benefits. In the wake of the pandemic, to build the social and economic resilience needed to face future emergencies, there was a need to work as hard and fast as possible to bring the benefits of digital technologies to everyone. This required significant investment. Infrastructure alone would not be sufficient; it was also important to address barriers related to affordability, skills and access to devices. The considerable challenges needed to be faced with a new spirit of cooperation, with vision and determination to make universal access a core priority. The panellist highlighted several initiatives in this direction and emphasized that the pandemic had served as a wake-up call to redouble efforts to connect the world. Leaving no one behind meant leaving no one offline, so that the potential of the digital economy could be harnessed for all.

12. The second panellist discussed the readiness to create and capture value in the digital economy in Latin America and the Caribbean, including in the context of the pandemic. He noted that Latin America had reached a 100 per cent mobile telephone penetration rate but that Internet penetration rate was about 50 per cent and that the region was an active e-commerce consumer but not an active producer or exporter. During the pandemic, domestic e-commerce had grown quickly, but cross-border e-commerce seemed to have declined. Latin America and the Caribbean faced major challenges in e-commerce readiness, including with regard to Internet access, the efficiency of logistics networks and access to electronic payment methods, as well as with regard to weak e-commerce readiness levels among businesses. There was broad heterogeneity across countries with regard to e-commerce readiness and there were significant differences in the extent to which policy responses had been embedded in medium-term national strategies to develop e-commerce and digital trade. Some Governments had introduced support measures for e-commerce, to facilitate Internet access, logistics, more efficient customs handling, business readiness and payments. Finally, the panellist noted that the region was little prepared to capture value as it had few “unicorns” and e-commerce entrepreneurs, little specialized human capital and few specific taxes and national strategies; and highlighted the limitations for gathering good statistics to inform policymaking in the digital economy.

13. The third panellist addressed readiness for the digital economy in Africa, noting that the digital economy went beyond e-commerce. Its backbone was hyperconnectivity through the growing interconnectedness of people, organizations and machines that resulted from the use of the Internet, mobile technology, big data, artificial intelligence and the Internet of things. This presented opportunities and risks. E-commerce provided greater visibility for

products from Africa, as well as market expansion and reach with significantly fewer financial investments required than in traditional commerce, translating into job creation and inclusive and sustainable economic growth and development opportunities. An ambitious agenda at the African level was therefore required in areas such as digital infrastructure, logistics, customs procedures, data flows, taxation and payment integration, among others, to discover continental best practices and promote regional harmonization. With regard to risks, the panellist highlighted the uneven global information and communications technology (ICT) landscape, in which dominant platforms that reaped the benefits of the digital economy were concentrated in developed economies. This exacerbated widening inequalities between hyperdigitalized and underconnected countries and regions and had implications for competition, data protection and ownership, consumer protection and taxation and employment policies and regulation in Africa. The panellist detailed platformization trends in Africa with different types of digital platforms and opportunities for platform work. Digital readiness for inclusion implied addressing issues related to capabilities, physical access and socioeconomic and demographic factors, as well as rights and trust. With regard to policy considerations, the panellist noted that offline inequalities mirrored those online. Apart from addressing infrastructure supply challenges related to the digital divide, a whole-of-government approach to the demand-side challenges of digital inequality was needed. Given the global nature of the Internet, digital policy and regulation frameworks required international policy coherence and coordination in various policy areas, and greater cooperation and regional market integration could facilitate an interoperable, dynamic and competitive regional digital ecosystem. Finally, the panellist emphasized that economic reconstruction after the pandemic should create a secure and trusted environment for digital trade and data flows.

14. The fourth panellist focused on the realization of value in countries at varying levels of readiness. Creating and capturing value implied increased domestic revenues and more and better jobs. Running a website did not by itself realize value, and logistics were key for business to consumer e-commerce. In Sri Lanka, for example, much corporate activity in e-commerce had been taking place outside the country, due to customs regulations that meant exports passed through a local intermediary in the United States, and a change in such regulations now allowed exports to depart directly from Sri Lanka, thereby eliminating extra costs. Disruptions caused by the pandemic had highlighted the need to address all components of the e-commerce value chain, including the ability to handle rapid spikes in demand in web-based and telephone interfaces; the optimization of warehouses; last-mile delivery; and payment options. The panellist stated that ICT connectivity, the availability of devices and low prices were necessary conditions, but there were also sufficient conditions to be met, such as better logistics, payments, security, trust and redressal.

15. During the ensuing discussion, many delegates expressed concerns with regard to remaining digital divides, limitations in e-commerce readiness and the high levels of market concentration and monopoly power of digital platforms, which made it difficult to achieve a fair distribution of the benefits from e-commerce and the digital economy. Digital divides that went beyond connectivity and included data processing capabilities needed to be addressed. As data was a key factor in value creation, an additional concern related to who was appropriating data to be able to acquire digital intelligence and monetize it. There were also problems related to skills, infrastructure (including electricity), payment systems, domestic investment levels and ineffective regulatory frameworks in developing countries. The pandemic had given greater impetus to digitalization dynamics and increased the urgency of addressing related challenges. Several delegates and experts shared national experiences, including with regard to customs-related issues, gender-based divides and infrastructure and skills development. Some delegates and experts highlighted the need for developing countries to integrate the digital dimension in national development strategies and to have policy space. Many delegations stated that international cooperation and support were crucial and some delegations also noted that international rules should work for the development of domestic industries.

3. Opportunities and challenges for value creation that developing countries face when dealing with global digital platforms

16. Panellists for the third discussion, centred around the second guiding question for the Intergovernmental Group of Experts – what are the opportunities and challenges for value creation that developing countries face when dealing with global digital platforms? – comprised the Senior Director of Research, Caribou Digital; a senior consultant at Bankable Frontier Associates Global; the co-founder and Chair of the E-commerce Association, Myanmar; and the Senior Director of Strategy and Policy Development, Internet Society.

17. The first panellist discussed livelihoods and global digital platforms, noting that platforms were changing livelihoods in terms of how people found work and how small enterprises sold goods and services. The panellist introduced a platform livelihoods framework based on different studies in developing countries and policy implications with regard to digital and economic inclusion. Platforms concerned more than linking buyers to sellers; there were different elements related to platform livelihood experiences, including subjective and economic experiences and those related to human development. There was also a wide variety of platform livelihood types, namely, local or global, individual or company and work or sales. Platform practices included appearing in searches and discoveries, competing in digital marketplaces and connecting through social commerce. Ensuring that platformization worked for livelihoods was a policy and design challenge in digital development. Platforms usually worked well for consumers but less so for producers and there was an increasing need for digital literacy and innovation. Global digital companies gathered data and insights across all domains and across multiple platforms and could add value for sellers, yet could also prevent choice, capture value and make it difficult for local and regional platforms to thrive. Finally, the panellist highlighted a challenge related to heterogeneity of use, as the same platforms were used in different ways for different needs and the skills needed could be similar but had to be used in different ways in different sectors. Therefore, many different ways could be considered in dealing with global digital platforms.

18. The second panellist focused on accelerating inclusive digital commerce. Platforms could accelerate digital financial inclusion and superplatforms could pull in consumers and help them discover ways to become producers. Microenterprises and small and medium-sized enterprises were selling online but struggled to grow, and platform-enabled work could be a path to livelihoods and formalization. It was important to accelerate the expansion of the digital economy in an inclusive manner, for increased production and income earning. In value creation in the digital economy, global digital platforms had market shares and acted as gatekeepers, benefited from the “stickiness” of the digital ecosystem and controlled significant business data. Low-income consumers and buyers had greater choice, better value for money, convenience and income generation, and informal microenterprises and small and medium-sized enterprises and sellers could increase income, access to markets and efficiency. Platforms acted as drivers of digitalization for the digital e-commerce ecosystem and provided opportunities for formalization, while there was a need for the standardization of processes and regulations. Despite some progress, e-commerce adoption was still at an early stage in many developing countries. Finally, the panellist reviewed the different barriers, outcomes and risks of global digital platforms, such as the risk of exacerbating inequalities, which had been compounded by the effects of the COVID-19 pandemic. Digital commerce had to be enabled to drive livelihood opportunities and power economic growth, and global platforms could learn from local and regional conditions; rather than being of an extractive nature, they could play a role in value creation for local producers and workers.

19. The third panellist considered opportunities for developing countries and the risks that they faced with expanding global platforms. In Myanmar, for example, there were challenges related to being a developing country and not having a specific government policy to deal with the impact of such platforms. Global platforms monetized consumer data from Myanmar and thereby helped their own economies. Big data provided insights and enabled data-driven decisions, but this was one-way value creation, benefiting only global platforms that could monetize data by transforming it into digital intelligence and translating it into added power and competitive advantage. In comparison, developing

countries such as Myanmar had low levels of readiness in terms of local content development and weak regulatory and institutional frameworks. Small business owners in developing countries lacked the capabilities, skills and awareness to take full advantage of the opportunities that global platforms could offer. The most important risk for an economy was with regard to control and rights over data at the international level and the appropriation of value by global platforms that was permitted by cross-border data flows. The panellist noted that this implied risks to national and economic security. Opportunities could be seen in the need to build strong domestic digital industries and capabilities. Transaction platforms needed to shift into becoming innovation platforms. Localization options could be uncovered through digital innovation, by entering a new product category or seeking markets that global platforms were unwilling or unable to serve. Finally, the panellist stressed the urgency of reversing the current situation whereby developing countries acted as free providers of data and global platforms earned profits. Developing country Governments needed to focus on developing digital entrepreneurship and knowledge creation, implementing tax incentives for local digital entrepreneurs and platforms, assigning ownership and control over data, setting regulatory frameworks for cross-border data flows and exploring ways to tax the value created in a country.

20. The fourth panellist discussed data, platforms, consolidation and the Internet, noting that the drivers of value creation in the digital economy were the ability to collect and process data; the proliferation of data agents, mostly in the form of platforms; and the Internet, which allowed for the movement of data. The number of platforms was constantly growing in every sector of the economy. The benefits of platforms included convenience, flexibility, inclusiveness and accessibility, yet there was significant dependence on a few platforms that were gaining control over people's lives due to unprecedented network effects, significant amounts of user data, business agility and regulatory freedoms. On the regulatory side, there were barriers to passing and implementing data privacy regulations; other important areas included competition, taxation and trade. The panellist stated that large platforms had to adapt to regional considerations, not the other way around, and that investment and innovation should happen in and for a region. With regard to market access, it was important to facilitate access to regional and global consumers and business support, to develop adjacent services and to grow customer bases. Finally, while there was no simple solution, it was important to move beyond platforms to ecosystems, of people and communities, with a focus on inclusion, and government actions needed to aim at regulating digital ecosystems.

21. During the ensuing discussion, there was broad emphasis on the fact that global digital platforms offered opportunities but also posed significant challenges in developing countries, in particular with regard to inclusiveness. Many delegates and experts stressed that global platforms were not benefiting everyone, since they had strong comparative advantages with regard to data, and women and small and medium-sized enterprises were particularly disadvantaged. There was a need for increased awareness in developing countries of how data were used. With regard to the proposal of one delegate of a data commons as a possible data governance system, the panellists considered this option overly complicated and suggested focusing instead on cooperatives. There were contrasting views with regard to issues related to the free flow of data and data localization; some delegates and experts favoured data localization to help develop domestic digital economies; and some other delegates and experts noted that there were more benefits in free data flows. However, there was an emphasis on the fact that the current system was not working well and that there was a need to regulate properly. One expert highlighted that, beyond the need to address asymmetries in the distribution of gains, it was also important to look at the sustainability of benefits in the long term.

4. The role of national policies in creating and capturing more value

22. Panellists for the fourth discussion, centred around the third guiding question for the Intergovernmental Group of Experts – what role can national policies play to help countries create and capture more value, including bridging digital divides, boosting digital entrepreneurship and harnessing local digital platforms? – comprised a professor and researcher at the Centre for Technology and Society, University of San Andrés, Argentina; the Head of the Department of Digitalization and Industry 4.0, Federal Ministry for

Economic Affairs and Energy, Germany; the National Digital Adviser, Estonia; and the Executive Director of Jokkolabs Dakar.

23. The first panellist discussed data governance for inclusion and development in the digital economy. There was a high level of asymmetry between developed countries and developing countries in data governance, whereby developing countries were the generators of data but not the producers of solutions and were facing capacity problems. In Latin America, for example, digitalization had been accelerating since before the pandemic. A holistic approach was needed for sustainable data governance, including data protection frameworks, data security and incentives for data protection and use. This was important in order to enable a more equitable and faster-growing digital ecosystem. Finally, the panellist noted that policies needed to integrate local products into global digital value chains and that more relevant solutions could be found when data fit the people or the environment addressed, based on local needs.

24. The second panellist presented the initiative GAIA-X, which followed the principles of digital sovereignty and self-determination, authenticity and trust, European data protection, modularity and interoperability, user friendliness, openness and transparency and free market access and value creation in Europe. User requirements had been at the core of its development. The initiative aimed to align various providers in an infrastructure ecosystem, based on portability, interoperability and interconnectivity, making it easier to connect data and services according to the will of users. GAIA-X federated services were at the core of the technical infrastructure, focusing on federated identity and trust mechanisms, sovereign data services, a federated catalogue and compliance framework and certification and accreditation services. Overall, this was expected to provide a user-friendly and homogeneous ecosystem of services and data, with the aim of creating a system that assisted innovation and offered a level playing field.

25. The third panellist detailed a collaborative initiative of Estonia with the World Health Organization to develop a global technological platform for the mutual recognition of vaccination certificates, in recognition of the fact that it was important to revive the economy but also necessary to ensure trust with regard to health issues. There was therefore a need for a global trust architecture. Finally, the panellist highlighted that it was important to address problems of interoperability, to increase understanding of classifications or taxonomies and to have the will to communicate and agree on points of trust. The initiative was beginning to define a baseline architecture and piloting a global interoperability project.

26. The fourth panellist discussed the importance of dialogue and understanding policies in the digital domain in Africa, which should be impactful, effective and adapted to local needs. Innovation policies were key and needed to focus on creating digital value and, in particular, empowering youth. The new context of the digital economy required interactive methods. For example, the conduct of a policy hackathon in Senegal had raised the importance of accessing technology, developing and sharing infrastructure, maximizing limited resources through strategic investments, enhancing research quality, using open-source data and building knowledge and digital literacy. Finally, public policies also needed to support and facilitate domestic digital entrepreneurship.

27. During the ensuing discussion, several delegates shared national experiences with regard to policy, which showed progress but highlighted that much remained to be done for the digital economy to contribute to inclusive development. Policy areas of importance included infrastructure development, logistics and payments systems, access to finance and investment, transfers of technology and industrial policies, as well as policies related to competition, taxation, data, platforms and trade. Several delegates stressed the importance of developing countries having sufficient policy space and flexibility to apply national policies. Some delegates underlined the need for regional policy dialogue. There were differences of opinion on issues related to the free flow of data and data localization.

5. The role of international policymaking and cooperation in promoting a more inclusive digital economy

28. Panellists for the fifth discussion, centred around the fourth guiding question for the Intergovernmental Group of Experts – what role can international policymaking and cooperation play to promote a more inclusive digital economy? – comprised the Managing Director of Digital Economy, Centre for International Governance Innovation; and the Director of International Tax Relations, Ministry of Economy, Argentina, and member, United Nations Committee of Experts on International Cooperation in Tax Matters.

29. The first panellist discussed how the digital economy was currently defined and dominated by three relatively separate data realms, namely, China, the United States and the European Union, leaving many outside. Therefore, there was a need for more international collaboration and good governance in the digital economy to share its benefits and minimize its adverse effects. The panellist highlighted three main international digital governance issues that the international community needed to address. First, policymaking with regard to complicated governance issues was usually made in vertical structures, while digital technology created horizontal issues requiring work across policy silos. Second, vested interests at the firm, national and regional levels led to insider–outsider dynamics in shaping policy. Third, there was a need for a comprehensive assessment of the risks, vulnerabilities and outcomes of digital business models, which had to date been marked by a lack of consistency. The panellist proposed that a new global organization, namely, a digital stability board, could be dedicated to overseeing global issues in the digital economy. It could be a multi-stakeholder organization, give an explicit role to developing countries and take a tailored approach to governance by coordinating the global development of standards, regulations and policies along the data value chain, which could be adapted to local values and customs.

30. The second panellist highlighted the need for international collaboration in taxing the digital economy to support domestic resource mobilization and helping achieve the Sustainable Development Goals. Digitalization challenged existing tax rules as market participants no longer required a physical presence in countries to operate and earn profits, and some multinational enterprises did not pay taxes in locations in which value was created. The panellist stressed that the existing paradigm of taxing physical presence therefore needed to be revised; two initiatives in this regard were the inclusive framework under the Organization for Economic Cooperation and Development and the work of the United Nations Committee of Experts on International Cooperation in Tax Matters. The former proposed defining a new type of economic presence rather than physical presence for taxation, as well as harmonizing tax systems to ensure a minimum level of taxation that a jurisdiction was entitled to. Despite some progress, the initiative remained behind schedule and, more importantly, developing countries were not prominent in the negotiations. The United Nations Committee had proposed a model tax clause, in which a market jurisdiction could impose a limited level of taxation in another jurisdiction if the taxable revenue was derived in the former jurisdiction. The panellist stressed that this approach would be more beneficial to developing countries as it would extend their rights to tax collection and it would be a relatively simple rule that would not require additional capacity to put into effect.

31. During the ensuing discussion, several delegates highlighted the need for an enabling global environment to address asymmetries in the digital economy, with appropriate legislation and initiatives to bridge digital divides and ensure the fair distribution of gains. Several delegates emphasized that the United Nations was the most legitimate and inclusive body for discussions on taxing the digital economy because of its broad membership. There were contrasting views with regard to the World Trade Organization moratorium on customs duties on electronic transmissions; some delegates emphasized that customs duties were an important source of revenue to support economic development, in particular in the context of the pandemic, and that there were significant revenue losses associated with the moratorium; and some other delegates highlighted the advantages of extending the moratorium and supporting the development of international trade rules with sound provisions on digital trade. Some delegates and experts stressed that developing countries needed to focus first on building capacity to develop domestic digital

economies and corresponding regulations and institutions, before moving to regulation at the international level.

32. Throughout all of the round-table discussions, many delegates welcomed the choice of topic as highly timely and relevant, in particular in the context of the pandemic, and emphasized the importance of international policy debate, including at sessions of the Intergovernmental Group of Experts, on the development implications of e-commerce and the digital economy, as digitalization was a global phenomenon. Several delegates expressed their support for continued work by UNCTAD, under its research and analysis, consensus-building and technical assistance pillars, on the different policy areas discussed, including readiness for e-commerce and the digital economy; impacts on small and medium-sized enterprises; and industrial policies and policies related to competition, taxation and data. Many delegates stressed the importance of international cooperation policies and several delegates and experts stressed the need for increased international support for developing countries, in particular the least developed countries, to improve their readiness for e-commerce and the digital economy. Finally, several delegates emphasized the role of the Intergovernmental Group of Experts as a forum for sharing international best practices in this context.

C. Working Group on Measuring E-commerce and the Digital Economy (Agenda item 4)

33. The Chair of the first meeting of the Working Group on Measuring E-commerce and the Digital Economy presented the report of the first meeting (TD/B/EDE/4/3). The meeting had addressed the revision of the UNCTAD *Manual for the Production of Statistics on the Information Economy* and the measurement of domestic and cross-border e-commerce. The Working Group had noted that the manual should reflect changes in the digital economy landscape of the past decade, covering e-commerce, trade in ICT services and ICT-enabled services. The revised manual, to be published by end-2020, would be the capacity-building keystone in assisting developing countries in producing statistics on the digital economy. The Working Group had also noted that capacity-building and awareness-raising activities needed to be increased, to give the manual widespread attention among relevant institutions in member States; with an improved and harmonized methodology, the manual could help increase the availability, quality and international comparability of digital economy statistics. In addition, the Working Group had reviewed existing efforts to measure cross-border e-commerce and noted the limitations of surveys in providing a complete picture of the e-commerce landscape. The Chair of the Working Group noted that the COVID-19 pandemic had accelerated growth in online activities in many countries and the need for digital economy statistics had become even more urgent. At the same time, the pandemic had led to serious constraints in data collection for national statistics offices in developing countries. The Working Group had discussed possible solutions, including enhanced bilateral and international collaboration, as well as cooperation within countries between stakeholders in the digital economy and national statistics offices. The Working Group had suggested that the secretariat help expand the number of representatives from all regions on the Working Group, in particular from national statistics offices, and to raise awareness of the Working Group at regional and international meetings of statisticians. Finally, the Working Group had suggested that the Intergovernmental Group of Experts might wish to consider the following conclusions: welcome an UNCTAD “Manual for the Production of Digital Economy Statistics” and recommend that countries consider using the new manual in the production of official statistics on e-commerce and the digital economy; encourage development partners to provide funding for the development of training and for the provision of other technical assistance based on the new manual; request that the Working Group continue its collaboration with other international organizations, including the Partnership on Measuring ICT for Development, to build on each other’s work and make the best use of resources for research, methodological development and capacity-building activities; request that UNCTAD explore setting up an online forum for continued informal discussions of the Working Group in between annual meetings, subject to resources; and request that the Working Group address the following three topics at the next meeting:

progress in measuring e-commerce and digital economy work by relevant international organizations; next steps in the implementation of the revised UNCTAD *Manual for the Production of Statistics on the Information Economy*; and the use of non-survey sources of data to supplement the traditional measurement of e-commerce and the digital economy. The Chair of the Working Group noted that the discussion of each topic should also consider the impact of the pandemic.

34. The experts welcomed the work of UNCTAD and the Working Group on the measurement of e-commerce and the digital economy and agreed on the three proposed topics for its second meeting (see chapter I). During the ensuing discussion, delegates and experts highlighted the importance of having relevant statistics for policymakers to be able to take informed decisions with regard to the digital economy and to negotiate at the international level. Finally, several delegates emphasized the importance of international comparability.

III. Organizational matters

A. Election of officers

(Agenda item 1)

35. The Intergovernmental Group of Experts on E-commerce and the Digital Economy decided to elect its officers through a silence procedure in accordance with the provisions of General Assembly decision 74/544 of 27 March 2020. As no objections were received by 9 October 2020, the Intergovernmental Group of Experts elected Mr. Alfredo Suescum (Panama) as its Chair and Ms. Hilda Ali Rashid Al-Hinai (Oman) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

36. The Intergovernmental Group of Experts on E-commerce and the Digital Economy decided to adopt, through a silence procedure in accordance with the provisions of General Assembly decision 74/544 of 27 March 2020, the provisional agenda for the session (TD/B/EDE/4/1). As no objections were received by 12 October 2020, the agenda was thus as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Digital platforms and value creation in developing countries: Implications for national and international policies.
4. Working Group on Measuring E-commerce and the Digital Economy.
5. Provisional agenda of the fifth session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy.
6. Adoption of the report of the Intergovernmental Group of Experts on E-commerce and the Digital Economy on its fourth session.

C. Provisional agenda of the fifth session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy

(Agenda item 5)

37. At its closing plenary meeting, on 16 October 2020, the Intergovernmental Group of Experts on E-commerce and the Digital Economy decided to defer a decision on this agenda item to the Trade and Development Board (see annex I).

D. Adoption of the report of the Intergovernmental Group of Experts on E-commerce and the Digital Economy on its fourth session

(Agenda item 6)

38. Also at its closing plenary meeting, the Intergovernmental Group of Experts on E-commerce and the Digital Economy authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report on its fourth session after the conclusion of the meeting.

Annex I

Compilation of proposed topics and guiding questions for the fifth session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy

A compilation of the proposed topics received from member States on the agenda and guiding questions, to be presented for consideration by the Board, is provided in the table.

<i>Proposed topic</i>	<i>Proposed guiding questions</i>	<i>Proposed by</i>
Building back better in an increasingly digital economy: Implications for sustainable development	What is the role of digitalization during the coronavirus disease pandemic and during recovery in countries at different levels of development?	Secretariat
	What have been the challenges faced in harnessing digital solutions to cope with the pandemic?	
	What are the lessons to be learned from policy responses?	
	Moving forward, what is the role of international cooperation?	
Cross-border data flows: Policy implications for trade and sustainable development	What are the key issues at stake for developing countries in relation to cross-border data flows?	Secretariat
	What are policies at the national level that countries can apply in relation to cross-border data flows and what are their advantages and disadvantages?	
	What options are available for regulating cross-border data flows at the regional and international levels?	
	What options are available to developing countries for regulating cross-border data flows, so that gains from value addition in the digital economy can also be ascribed to these countries?	
Open-source data: Opportunities and challenges for digital trade and the digital economy	What are the opportunities for advancing digital trading through open-source data?	Estonia
	What measures have countries taken to grant the availability, accessibility and reuse of government data?	
	What are the opportunities and challenges in moving towards the development of government-wide open-source data strategies?	
	How can data openness be balanced with data protection and privacy when implementing open-source data policies and initiatives?	
	How can countries cooperate in expanding access to and the use of government data? What international initiatives can support this process?	

<i>Proposed topic</i>	<i>Proposed guiding questions</i>	<i>Proposed by</i>
Impact of monopolistic policies of large e-commerce platforms on small and medium-sized enterprises		India
Taxation in the digital area: Need to move to the concept of economic presence as the basis of taxation against the traditional concepts of physical or commercial presence		India
Requirement of laws to curb concentration and anti-competitive practices in digital trade		India
Digital trade policy toolbox for development	<p>What role can digital technology transfers play in enabling and supporting the growth and development of microenterprises and small and medium-sized enterprises and local entrepreneurs in building domestic digital capacities and digital competitiveness?</p> <p>What would such digital technology transfer arrangements or agreements entail?</p> <p>What policies should Governments adopt to encourage digital technology transfers?</p> <p>What kind of open-source policies are required to pursue objectives such as economic development, security, preventing anti-competitive practices and encouraging indigenous innovation?</p> <p>What are the existing asymmetries in data flows and what policy tools should Governments adopt to curtail the growing data-related and digital divide?</p>	South Africa

Annex II

Attendance*

1. Representatives of the following States members of the Conference attended the session:

Afghanistan	Madagascar
Albania	Malawi
Algeria	Mali
Argentina	Malta
Australia	Mauritius
Austria	Mexico
Azerbaijan	Mongolia
Bahamas	Montenegro
Bahrain	Morocco
Barbados	Myanmar
Belarus	Nepal
Belgium	Netherlands
Bolivia (Plurinational State of)	Niger
Burkina Faso	Oman
Burundi	Pakistan
Cameroon	Panama
Canada	Paraguay
China	Peru
Congo	Philippines
Costa Rica	Poland
Czechia	Portugal
Côte d'Ivoire	Qatar
Djibouti	Romania
Dominican Republic	Russian Federation
Ecuador	Saudi Arabia
Egypt	Seychelles
El Salvador	Sierra Leone
Estonia	South Africa
Finland	Spain
France	Sri Lanka
Gabon	State of Palestine
Germany	Sudan
Guatemala	Sweden
Guinea	Switzerland
Holy See	Syrian Arab Republic
Hungary	Thailand
India	Togo
Iran (Islamic Republic of)	Trinidad and Tobago
Iraq	Turkey
Italy	United Kingdom of Great Britain and Northern Ireland
Japan	United Republic of Tanzania
Kazakhstan	Uruguay
Kenya	Vanuatu
Kuwait	Venezuela (Bolivarian Republic of)
Latvia	Zambia
Lesotho	Zimbabwe
Lithuania	

* This attendance list contains registered participants. For the list of participants, see TD/B/EDE/4/INF.1.

2. The following intergovernmental organizations were represented at the session:
 - Commonwealth Secretariat
 - Cooperation Council for the Arab States of the Gulf
 - European Union
 - South Centre
 3. The following United Nations organs, bodies and programmes were represented at the session:
 - International Trade Centre
 - United Nations Office at Geneva
 4. The following specialized agencies and related organizations were represented at the session:
 - International Labour Organization
 - International Telecommunication Union
 - United Nations Industrial Development Organization
 - Universal Postal Union
 - World Intellectual Property Organization
 - World Trade Organization
 5. The following non-governmental organizations were represented at the session:
 - General category*
 - Consumer Unity and Trust Society International
 - Consumers International
 - International Bar Association
 - International Chamber of Commerce
 - International Network for Standardization of Higher Education Degrees
 - LDC Watch
 - Organisation Camerounaise de promotion de la coopération économique internationale
 - Public Citizen
 - Public Services International
 - Union of Arab Banks
 - Village Suisse ONG
 - Special category*
 - International Ocean Institute
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