
Digital Industrialization and WTO E-Commerce Rules

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Digital Divide and COVID-19

- **The impact of digital divide has never been felt more severely by the developing countries than in this pandemic.** Access to ICT infrastructure and digital technologies determined the economic impact of the lockdowns. Digitally advanced countries will recover faster from the pandemic.
- **Digital divide** therefore is contributing in new ways to the existing global inequalities and **if not bridged, it will accentuate global inequality at an accelerating rate.**
- ***Growing digital divide will lead to-*** *Loss in existing trade competitiveness; Reshoring of manufacturing and associated Job Losses; Rising dependence on North for digital goods, services and digital technologies; Growing E-Commerce leads to loss of even domestic market shares for producers in developing countries.*

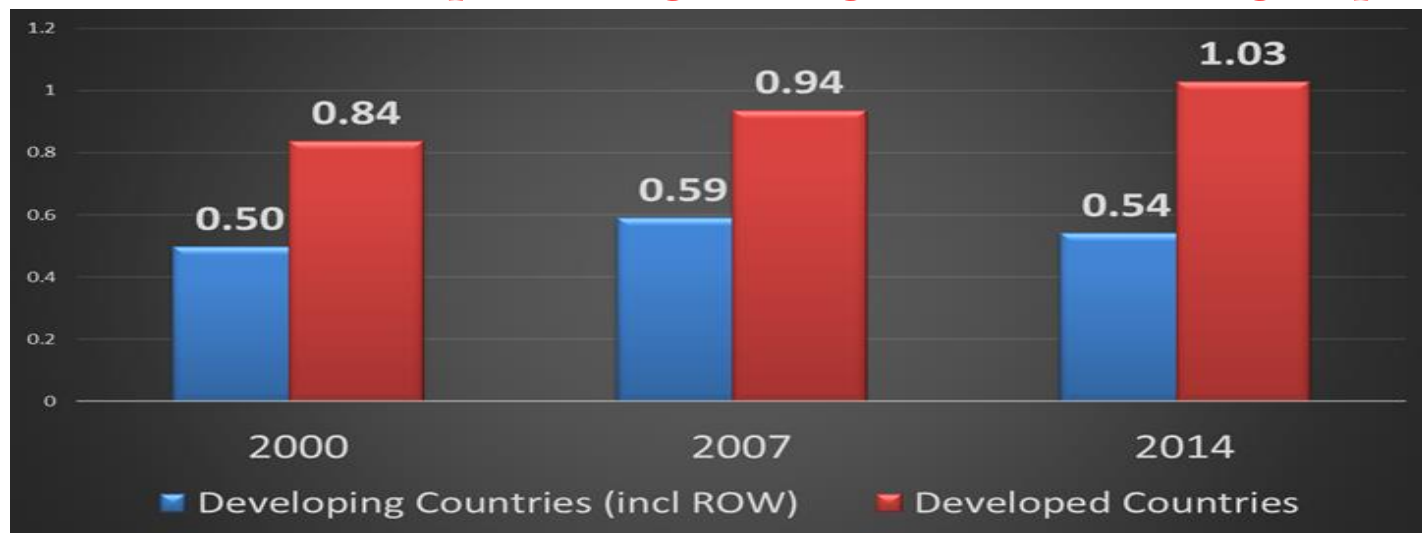


Digital Divide- Difference in Digital Content added in all stages of Industrial Production

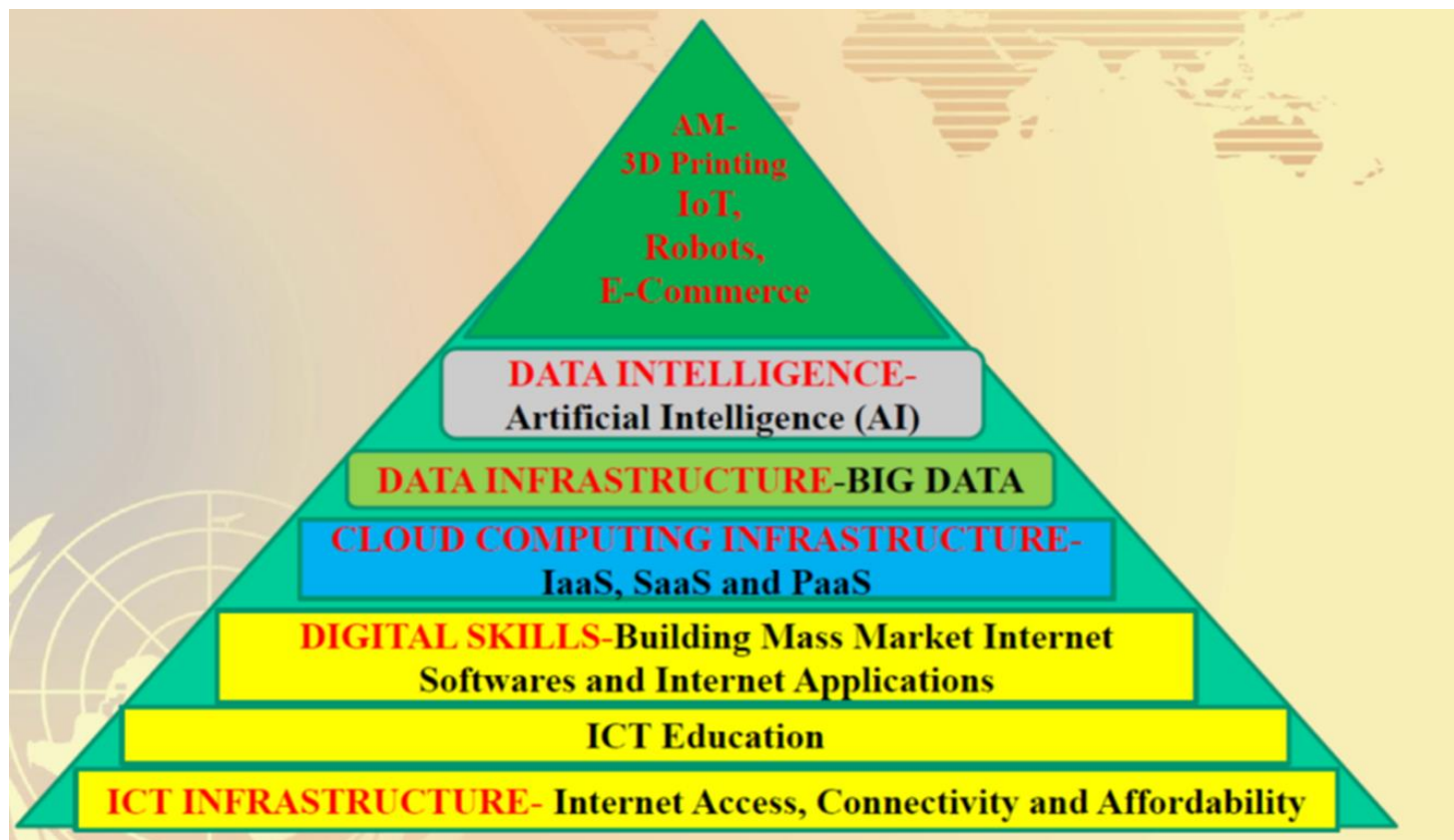
- **Pre-Production-** Cloud Computing; Big Data Analytics; CAD (Higher use of digital services and Data Analytics)
- **Production-** Robotics; Digital services; 3D printing (Higher use of digital technologies)
- **Post-Production-** E-Commerce platforms; AI; IoT

Empirical evidence of Digital Divide-

Value Added by Computer Programing in Manufacturing Exports



Digital divide is multilayered, ICT infrastructure divide; Digital Skills divide; Data divide; Digital Technology divide.



Comprehensive digital industrial policy is needed to bridge Digital Divide and build Digital Infrastructure

Steps needed for Digital Industrialization and WTO E-Commerce Rules

□ Build ICT Infrastructure

□ Build Data Infrastructure

- **Declare Data Sovereignty** (Data is governed under national law)
 - *Free Flow of Cross-Border Data will not allow this*
- **Build Data Infrastructure like Data Centres and clouds for storing and processing data so as to extract Data Intelligence**
 - *No restriction on Data Localisation discourages this*

□ Build Digital Skills and Digital Technologies

- **Encourage joint ventures and technology transfers and technology spillovers when foreign digital firms enter**
 - *Ban on Source Code sharing will not allow digital technology transfers.*

□ Digital Infant Industry Protection

- *WTO Moratorium on Customs duties on Electronic Transmissions prevents this*

Way Forward for Developing Countries

- **Design Digital Industrial Policies** for building Digital Infrastructure and bridging the Growing Digital Divide
- **Retain Policy Space** in all Trade Agreements for their digital industrialization
- **South-South Regional Digital Cooperation** can be an important way-forward for small developing countries.

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 - UNCTAD South-South Digital Cooperation, 2018
<https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2099>
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