

Digital Economy and Inclusive Trade

Government policy imperatives for the SDGs

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Definitions

Economy: The state of a country or region in terms of the production and consumption of goods and services and the supply of money (*Oxford Dictionary*).

Digital Economy: An economy which functions primarily by means of digital technology, especially electronic transactions made using the Internet (*Oxford Dictionary*).

Trade: For simplicity includes imports and exports of goods and services, FDI and movements of labour across borders, trade related policies as well as trade facilitation (*APTIR 2013*).

Inclusive Trade: Trade is inclusive if all people can contribute to and benefit from international trade, equality of opportunities as precondition (*APTIR 2013*).

Context



SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND




16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



SUSTAINABLE DEVELOPMENT GOALS



This revolution had been defined by emerging technologies such as artificial intelligence, robotics, 3D printing and quantum computing amongst others.

THE FOURTH INDUSTRIAL REVOLUTION

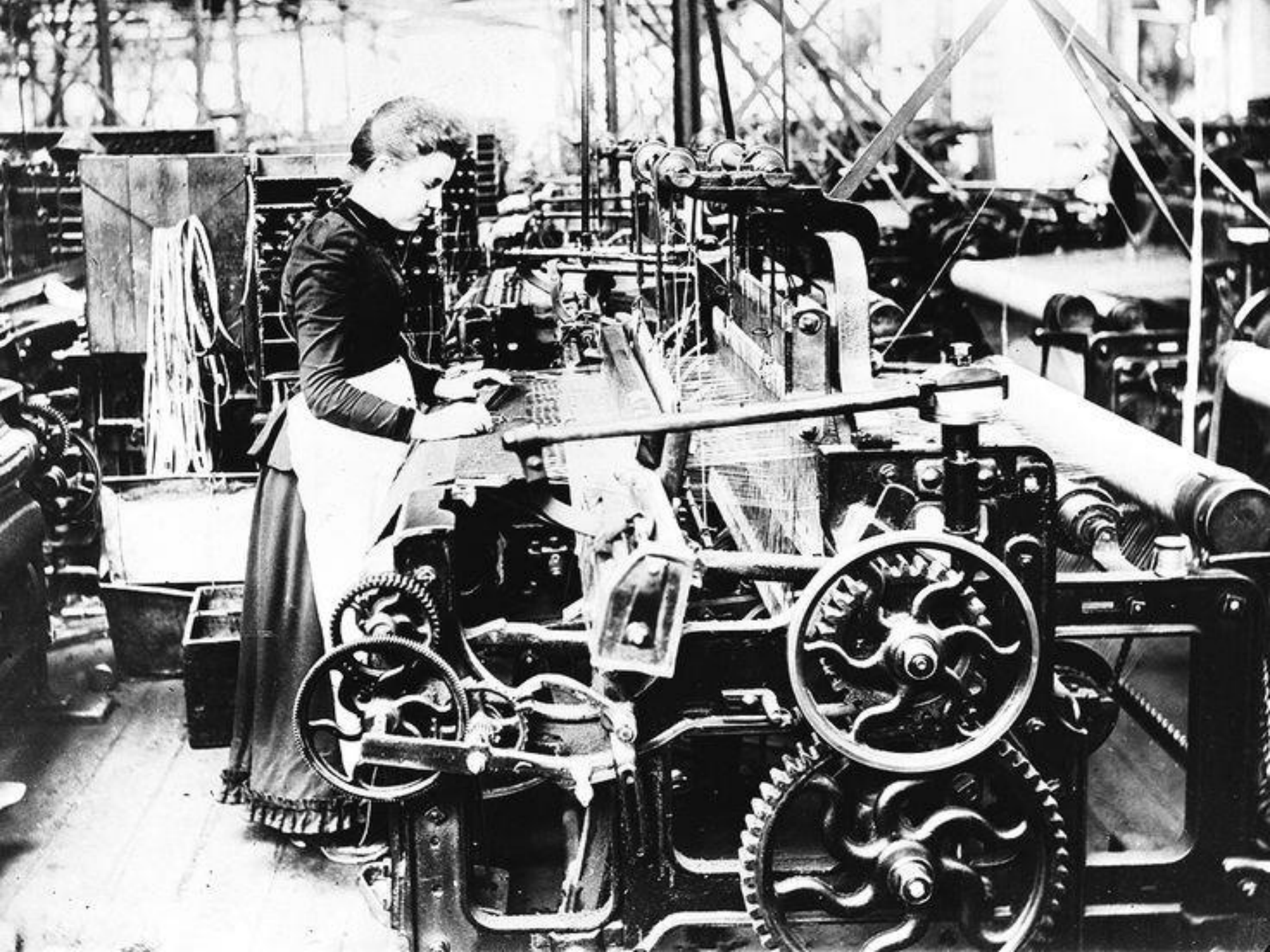
Digital Economy



In considering only 15 major developed and emerging economies, the World Economic Forum predicts that emerging technological trends will lead to a net loss of over 5 million jobs by 2020. Worldwide, this number will almost certainly be much higher.

Such losses will likely cause greater inequality and fuel increased societal unrest.

**But digital tech can also be a good thing
for the economy, society and the
environment!**



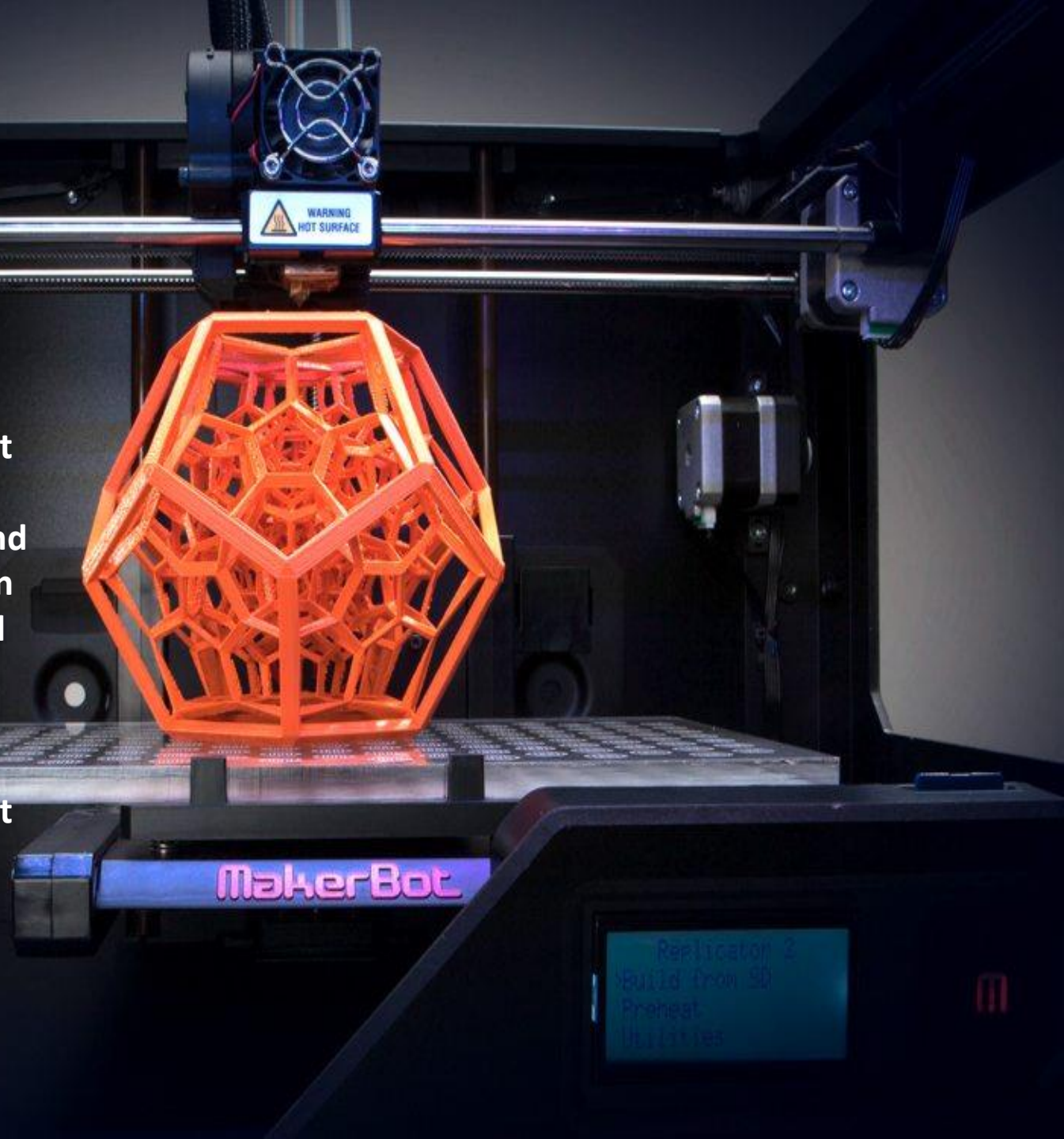
Fourth Industrial Revolution technologies have the potential to make logistics more efficient

This is how robots help sort parcels for quicker delivery at a Chinese firm

临沂申通项目

Emerging technologies could have significant positive impact on the environment. Data suggest that improved application of ICT to transportation and logistics will reduce carbon emissions by an estimated 4.5 billion tons by 2020.

Technologies such as 3D printing could also support more inclusive trade.



MakerBot

Replicator 2
Build from SD
Preheat
Utilities



**The key will be to minimize the
downsides while maximizing the benefits
of Fourth Industrial Revolution
technologies**

This will require innovative policies

Innovative education policies by the Government of Singapore:
One such policy offers adults personal accounts which they can use to buy training, and another uses tax incentives to encourage firms to invest more in their lower paid workers.

Additional context: The combination of low fertility rates and increased life expectancy, currently at 72 years, is leading to a sharp increase in the proportion of older persons in Asia and the Pacific, making it the fastest ageing region in the world. With 12.1% of the region's population aged 60 or older, the region as a whole is currently considered to be at an 'ageing' stage and will be considered an 'aged' region by 2050.



Inclusive Trade

Firstly, some MORE definitions!

Inclusive Trade: Trade is inclusive if all people can contribute to and benefit from international trade, equality of opportunities as precondition (*APTIR 2013*).

Inclusive Markets are markets that extend choices and opportunities to the poor (and other excluded groups) as producers, consumers and wage earners.

Inclusive Businesses expand access to goods, services, and livelihood opportunities for low-income communities in commercially viable ways.

M-PESA

10:35A

1 Send money

2 Withdrawal c...

3 Buy airtime

4 Pay Bill

5 Buy Goods

Select

SAMSUNG

Back

Personal business

☐ Shop / kiosk

☐ Salon

☐ Cafe

☐ Fish

☐ Water

☒ Food stall

☐ Fruit/veg

☐ Hawk

☐ Other

Business

hit

M-KOPA SOLAR



POWER
AFRICA

Mitticool was founded by a potter living in rural Gujarat who lacked formal education.

The company has grown nationally as well as internationally and is now trading in UK, US, Singapore and across Africa.



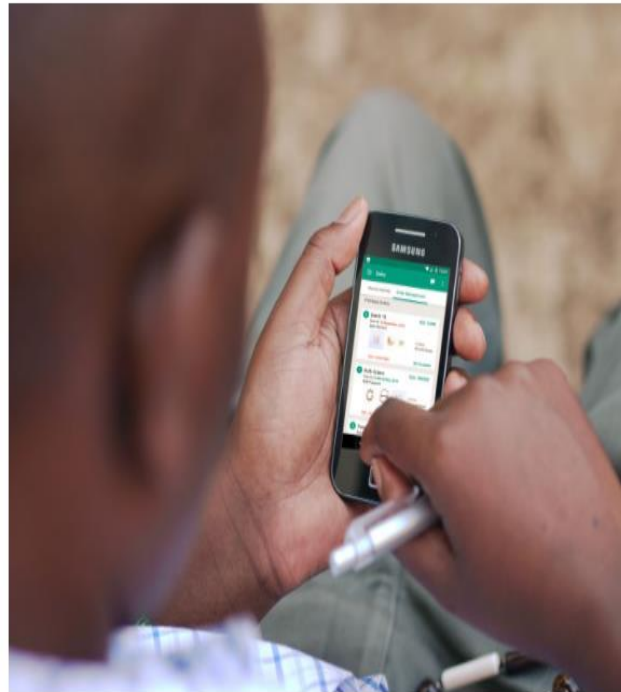


INNOVATION

Soko employs technology to empower and provide equal access to opportunity for marginalized artisans.

Our supply chain innovation uses the mobile phone to connect independent artisan entrepreneurs to Soko in an ethical and transparent "virtual factory".

With Soko's mobile tools, artisans have access to an entire world of consumers, expanding their business horizons and entrepreneurial prospects.



THE GIFT OF

SIGHT

Your TOMS Eyewear purchase helps restore sight to an individual through sight-saving surgery, prescription glasses or medical treatment.

[LEARN HOW SAVING SIGHT HELPS](#)



THE GIFT OF

WATER

More than 780 million people don't have access to safe water. TOMS Roasting Co. purchases support water systems in seven countries - in the same regions where we source our coffee beans.

[LEARN HOW SAFE WATER HELPS](#)

**Inclusive trade will require policies that
foster inclusive businesses and inclusive
markets**



In Asia, small and medium-sized enterprises comprise 96% of all enterprises, employ 62% of the national labor force and contribute 42% of gross domestic product.

Policy Focus

Support for grassroots innovators: The National Innovation Foundation under the auspices of the Ministry of Science and Technology was pivotal in supporting Mitticool to grow and trade in new markets. The Foundation provides support to grassroots innovators to protect intellectual property, develop the business, scale nationally and trade internationally.

Incentivize more social forms of enterprise:

- Thailand Social Enterprise Promotion Act
- Viet Nam's enterprise Law revised in 2014 to provide legal recognition of social enterprise.
- Republic of Korea Social Enterprise Promotion Act
- Malaysia Social Enterprise Blueprint

Incentivize inclusive trade that benefits economy, society and environment:

- The 2001 Doha Ministerial Declaration instructs members to negotiate on the reduction or, as appropriate, elimination of tariff and non-tariff barriers on environmental goods and services.
- Similar arrangement for social enterprises?
- How could government policy incentivize more inclusive ecommerce platforms?

Key messages

- Digital Economy and Inclusive Trade are inherently linked.
- They are cross-government agendas spanning multiple line ministries so will require policy co-ordination.
- Policies that develop a workforce for the future and focus on life-long learning will be critical to manage the downsides of the Digital Economy.
- Enabling regulation will be critical to catalyze, not stifle, frontier technology development.
- Fostering more social forms of enterprise and inclusive businesses will be critical to fuel inclusive trade.
- Asia-Pacific has some unique megatrends (e.g. aging population and urbanization) that further complicate digital economy and inclusive trade policies.

ESCAP's Work

- Cross-border paperless trade.
- We will be releasing policy papers on digital economy and inclusive trade for sustainable development in the near future.
- We have a major program to support policy makers to foster more social forms of enterprise and inclusive businesses – if this is of interest do let me know!
- We will be actively contributing to the “eTrade for All” agenda.



Thank You

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