

Workshop on Asia-Pacific Regional Integration: Measuring, Monitoring and Improving Performance for Sustainable Development, 22-23 April, Bangkok

Regional Integration and the Digital Economy

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Regional Integration?

*Making it easier for goods, money, services and people **to move across borders as easily as possible in a given region...** in support of **sustainable development**, i.e, considering impact on economy, society and the environment*





The evolving digital economy

is closely associated with several frontier technologies and fuelled by data



Blockchain



Data analytics



Artificial intelligence



3D printing



Internet of Things



Automation & Robotics



Cloud computing

Source:
UNCTAD
Digital
Economy
Report, 2019

Global Internet Protocol traffic, a proxy for data flows, has grown dramatically, but the world is only in the **early days of the data-driven economy**

100
gigabytes (GB)
of traffic
per day

1992

100 GB
per second

2002

46,600 GB
per second

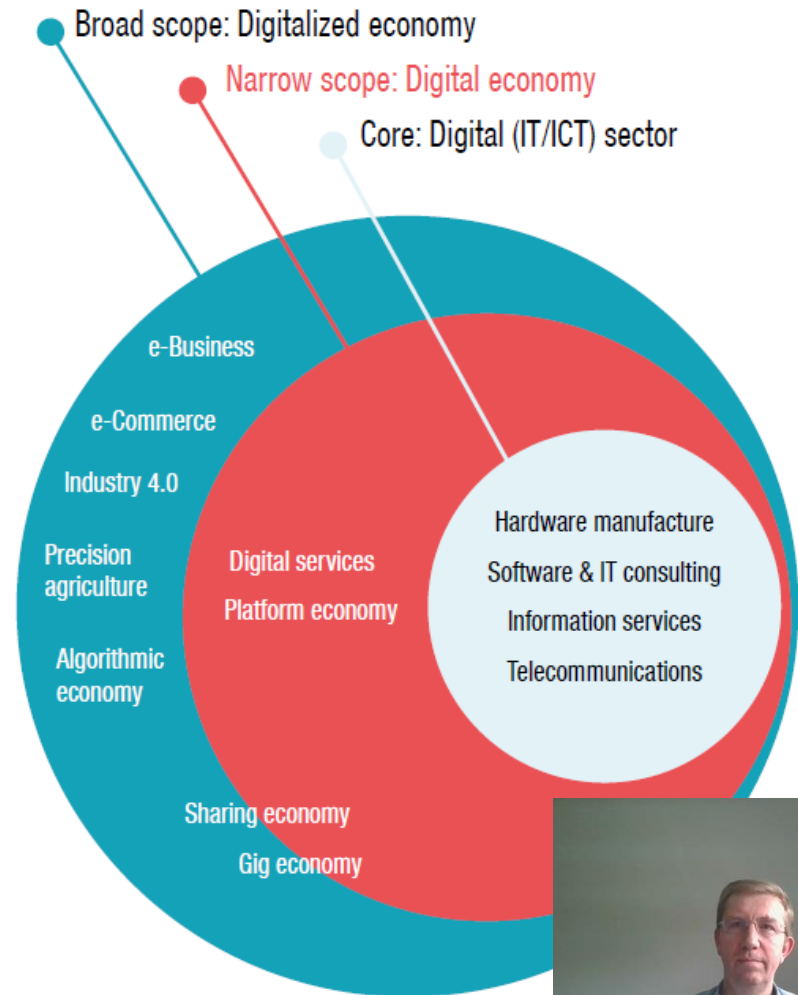
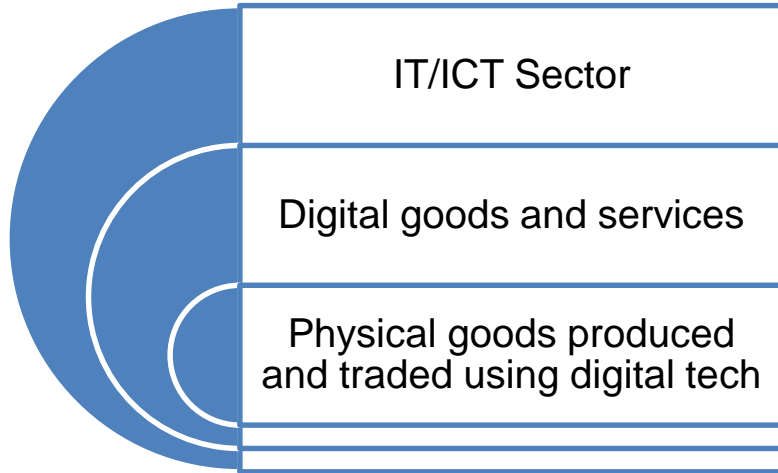
2017

150,700 GB
per second

2022



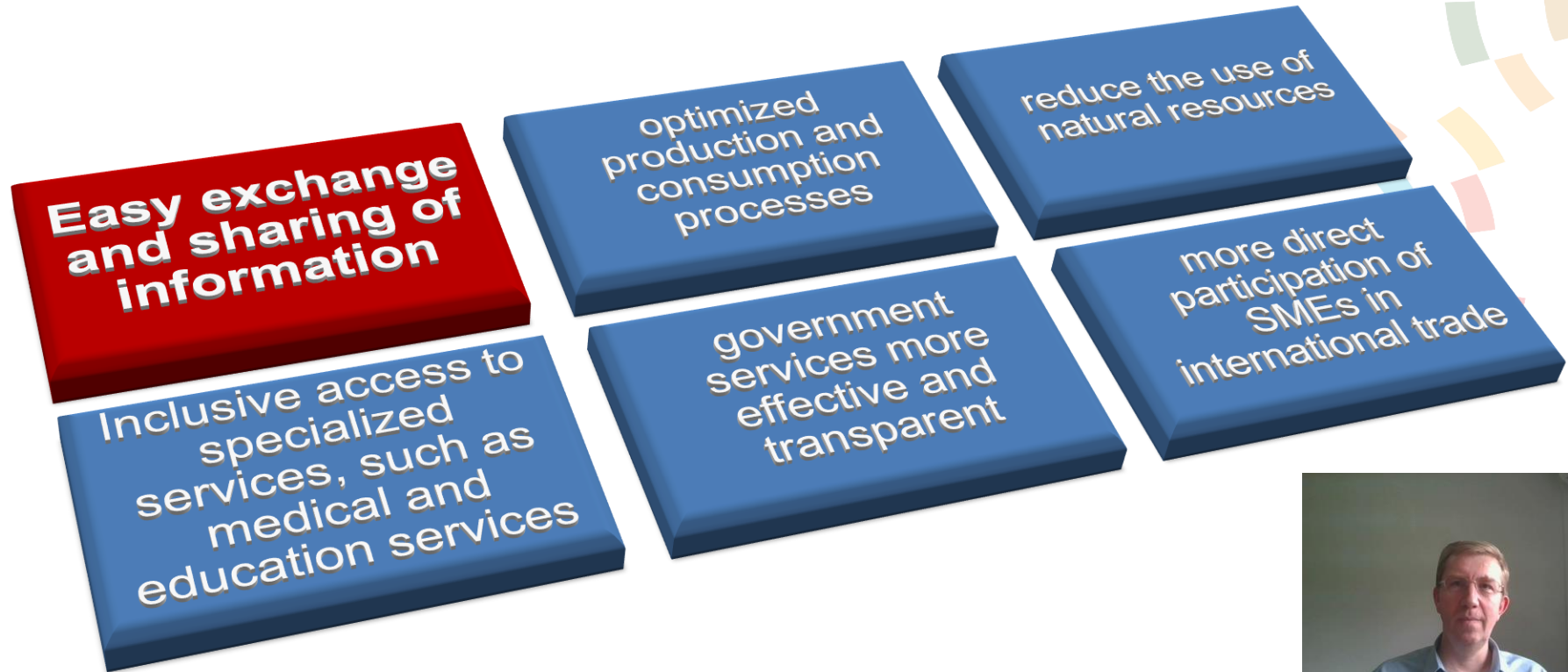
Digital Economy?



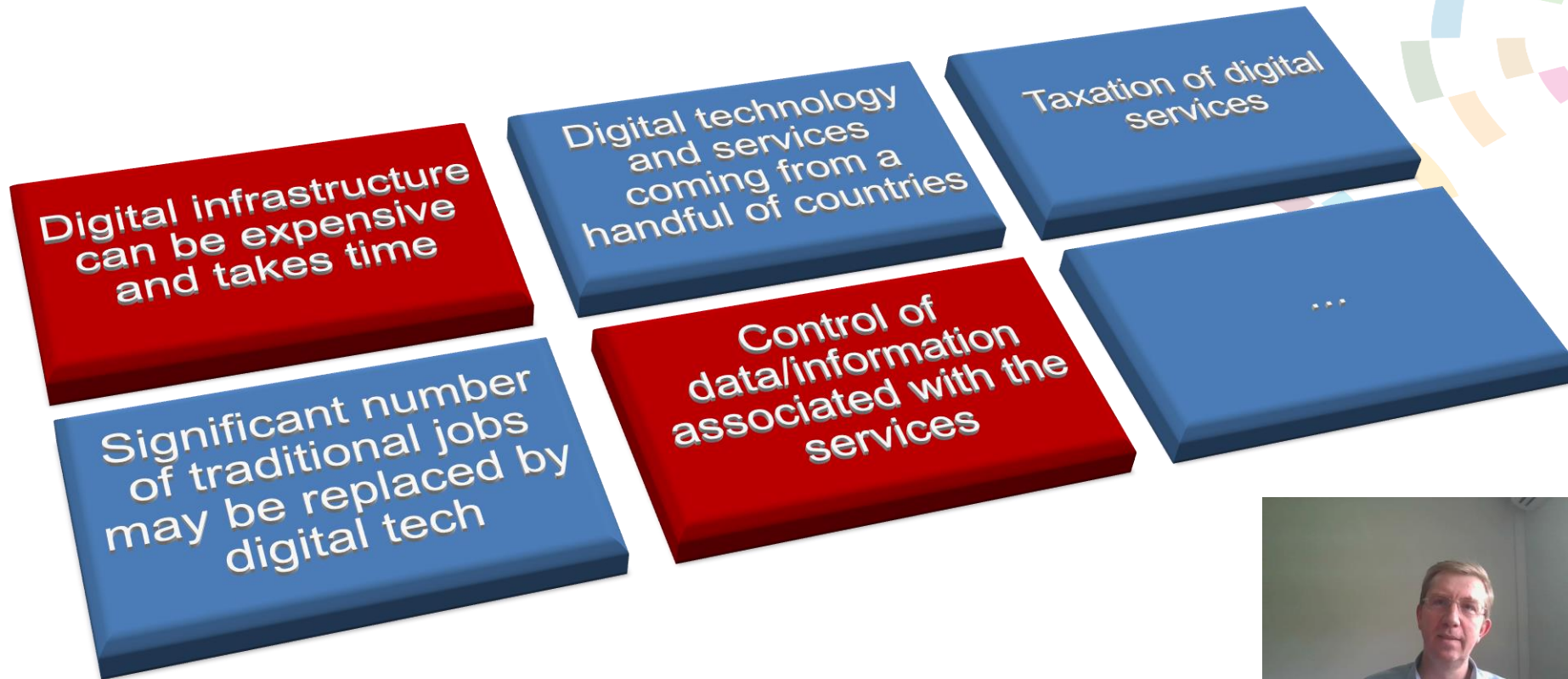
Source: Bukht and Heeks, 2017: 13.



Benefits from digital economy



Challenges from digital economy



Geography of the digital economy is highly concentrated in two countries

● United States and China ● Rest of the world



75% of all patents related to **blockchain technologies**



50% of global spending on **IoT**



>75% of the **cloud computing** market



US and China: 90% of the market capitalization value of the world's **70 largest digital platforms**



Still huge digital divides



Half of the world remains **offline**



In **LDCs** only **1 in 5** people are **online**



Gender gap is the widest in the poorest economies

Source:
UNCTAD
Digital
Economy
Report, 2019



How to effectively engage in the digital economy?

Build resilient digital infrastructure and provide affordable and inclusive access to the internet

Build skills: human resources that can develop and use services

Adopt (and enforce) laws and regulations for digital economy, including

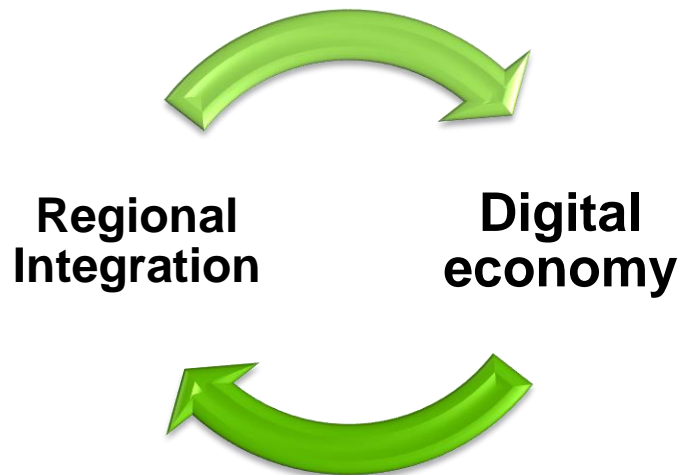
- to protect privacy and security of users
- to reduce risks and uncertainties for digital service providers

Develop electronic payment and other trade facilitation and logistics systems enabling cross-border e-commerce participation

What is the role of regional integration in enabling effective participation in the digital economy?



Regional integration and participation in the digital economy: a Virtuous Cycle



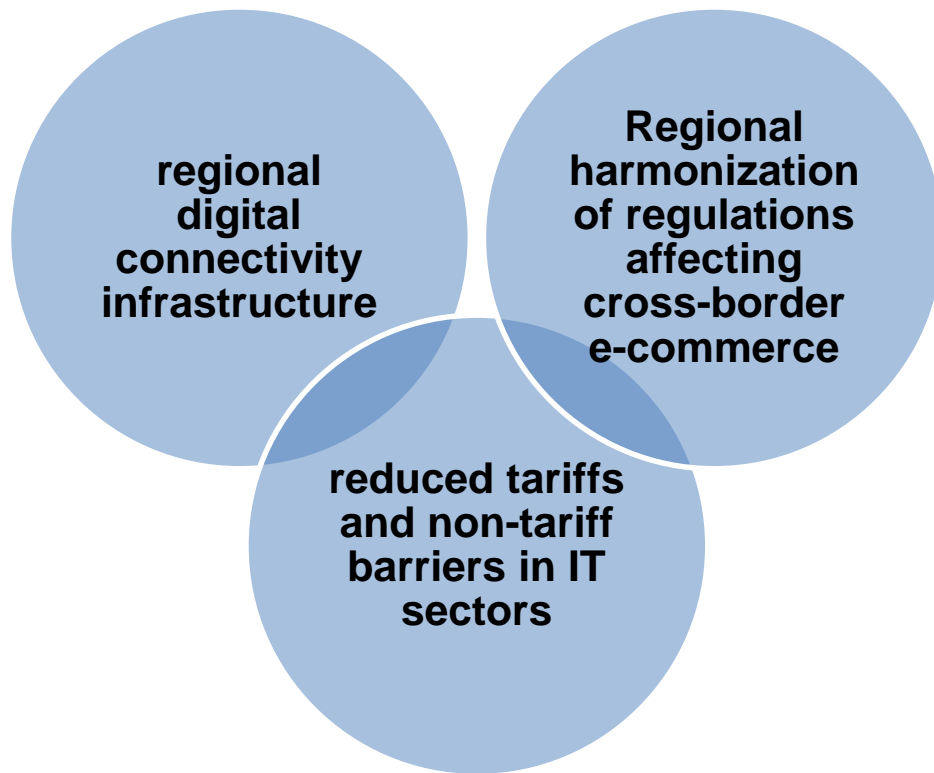
Digitalized
trade
processes

Regional
Trade and
FDI in ICT

Stronger
digital
infrastructure



Regional integration and the digital economy: Capturing economies of scale



Regional sustainable digital economy integration: identifying priorities

Everyone has affordable access to digital technologies

- ESCAP Asia-Pacific Information Highway initiative

SMEs and other disadvantaged groups can engage in cross-border e-commerce; trade procedures digitalized

- Harmonization of de-minimis?
- UN treaty on facilitation of Cross-Border Paperless Trade in Asia and the Pacific
- UN Global Survey on Digital and Sustainable Trade Facilitation: www.untfsurvey.org

Shift to digital economy benefits the environment /reduce climate change

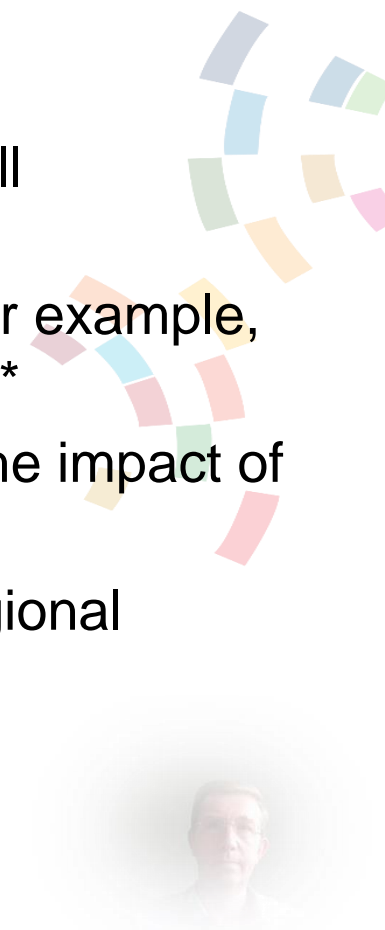
- **E.g., optimizing regional cross-border e-commerce logistics to ensure environmental impact of sending small parcels not higher than traditional trade**



Way forward

- Regional integration essential to developing and small economies success in the digital economy
 - Need for proactive role, to be demonstrated, for example, by accession to regional paperless trade treaty*
- More research needed to understand and measure the impact of the “rise of the digital economy”
- Development of ESCAP **Digital** and Sustainable Regional Integration Index (DigiSRII 1.0) to continue

* <https://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>



Thank you

DigiSRII 1.0 user guide available at:
<https://www.unescap.org/our-work/trade-investment-innovation/trade-policy/resources>

Email: duvaly@un.org

