

## **A FIFD AND FED JOINT SEMINAR**

### **BRIDGING THE DIGITAL DIVIDE: HARNESSING E-COMMERCE AND INVESTMENT FACILITATION FOR INCLUSIVE TRADE AND DEVELOPMENT**

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Excellencies,

Friends and colleagues,

Ladies and gentlemen,

It is my great pleasure to welcome you to this joint seminar organized by the 'Friends of E-commerce for Development' – or FED – and 'Friends of Investment Facilitation for Development' – or FIFD.

The rationale for today's joint seminar on e-commerce and investment facilitation is straight forward. Bridging the digital divide – and ensuring that developing countries can participate in a fast-evolving digital economy – is one of the key "development issues" today and will play a central role in helping WTO Members achieve the 2030 Sustainable Development Goals.

Internet revolution has already contributed 8 percent of global GDP; and the internet of things - or internet of everything - has the potential of contributing \$11 Trillion to global GDP by 2025. Internet related consumption and expenditure has already surpassed the size of the global agriculture and energy sectors – and the development of mobile broad band holds the promises to bring billions more on line, thus narrowing the digital, economic, physical and educational divide. But only a small proportion of this is happening in LDCs and developing countries.

The internet, more than anything else, will define the 21<sup>st</sup> century business environment. People no longer go on line; they are online 24/7 online. By end of this year, half the world's population will be on line - in the developed world, 80% use the internet, but only 40% in developing and less than 15% in LDCs are online. In many African countries one person in 10 is on the internet. This off line population is mostly female, elderly, less educated and poorer and mostly in rural areas. Of 4.4 billion people offline, 3.4 billion live in just 20 countries, and one billion of this 3.4 B are illiterate.

According to latest UNCTAD B2C ecommerce Readiness Index, developed world has a score of 71, Latin America 42, Developing Asia 38 and Africa 24. This shows that some have ability to capture a disproportionate share of “digital dividends”. The key message is that we are – digitally speaking - a multispeed planet. From a development perspective in particular, it is critical that we focus on the development dimension of e-commerce.

Pakistan is acutely aware of the high growth of e-commerce, and its potential to address the development deficit. Over the last three years, since the auction of 3G/4G spectrum, the number of consumers using Broad band on mobile has increased from 3 to 44 million - this is 188 per cent growth rate - we are adding a million BBM connections every month. The Global Findex report shows Pakistan as the leader in mobile banking transactions in South Asia, having 133 million mobile phone subscribers and 11 per cent of them use mobile phones to carry out financial transactions. E-Commerce in Pakistan is expected to reach \$1 billion by 2020.

Theme for recently held WTO’s 2017 Aid for Trade review was “Promoting Connectivity”. We learned that connectivity is also about right infrastructure and institutions to service that infra-structure and creating a favourable environment. It is about hard infrastructure, like roads, railways, and ports; it is about soft infrastructure like the TFA; and more and more, it is about the infrastructure underlying all other infrastructures which is the internet.

In our experience a progressive trade policy agenda has to answer the challenge of developing needed ICT infrastructure, of attracting the investment required to bridge the digital divide and making trade logistics efficient.

So on the one hand, there is a clear and pressing need to scale up investment in digital infrastructure in many developing and least-developed countries if they are going to benefit from e-commerce and the digitization of the global economy. By facilitating investment -including through strengthening transparency, improving predictability and speeding up administrative procedures – developing countries not only can creates jobs, builds skills, and spurs innovation. They also can build the essential infrastructure that represents the difference between countries being connected to – or disconnected from – today's global economy.

On the other hand, there is also a need to foster and enable the growth of e-commerce in order to encourage investors to build the digital infrastructure that developing countries need.

In short, there are obvious synergies between these two issues that warrant further discussion and exploration among WTO Members. That is why the FED and FIFD decided to host this joint seminar. In particular, we wanted to bring together policy, investment, and infrastructure experts to provide a holistic perspective on this important and complex subject.