



Statement by H. E. Archbishop Ivan Jurkovič, Permanent Representative of the Holy See  
to the United Nations and Other International Organizations in Geneva  
at the Second Session of the Intergovernmental Group of Experts on E-commerce and the  
Digital Economy.  
*Geneva 18<sup>th</sup> April 2018*

Mr. Chairman,

Allow me to begin by congratulating you on your election to the Chair of the Intergovernmental Group of Experts on e-commerce and the digital economy.

The world economy is increasingly influenced by digital technologies. Despite the significant advantages of such advances, there remains the potential and severe risk of profound negative consequences with regard to industrial organization, skills development, production and trade. Thus, appropriate regulatory frameworks are required. Information technology and the digital economy, including e-commerce, are new trends that will have an impact not only upon global trade but also on development. The digital economy is expanding in multiple ways. Global production of Information and Communication Technology (ICT) goods and services now amounts to an estimated 6.5 per cent of global gross domestic product (GDP), and some 100 million people are employed in the ICT service sector alone. Worldwide e-commerce sales in 2015 reached \$25.3 trillion, 90 per cent of which was in the form of business-to-business e-commerce, and 10 per cent in the form of business-to-consumer (B2C) sales. In the coming year, the volume of global Internet traffic is expected to increase 66 times from its level in 2005. Although the number of Internet users grew by 60 per cent between 2010 and 2015, more than half of the world's population remains offline<sup>1</sup>.

The “digital divide”, concerning education and access to the tools of the digital age in developing and least developed countries (LDCs), remains a challenge, despite

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<sup>1</sup> Cfr., UNCTAD, Information Economy Report 2017: Digitalization, Trade and Development, 2017.

better connectivity. Digital inclusiveness has an important social impact on the ability of a population to take advantage of the opportunities of the digital age; increasingly, what might be called “e-commerce inclusiveness” deserves the attention of policymakers.

The digitalization of economic activities is of direct relevance to several of the 17 Sustainable Development Goals (SDGs). As was recalled in the “Overall Review of the implementation of the Outcomes of the World Summit on the Information Society”, the UN General Assembly committed to harnessing the potential of ICTs to achieve the 2030 Agenda for Sustainable Development, noting that they could accelerate progress across all areas of development. There is a strong association between LDCs and those countries that are least connected. The 2030 Agenda for Sustainable Development calls on stakeholders to “strive to provide universal and affordable access to the Internet in least developed countries by 2020”. In this regard, public access facilities will continue to play an important role in achieving universal access.

New digital solutions, including those for e-commerce, are creating new opportunities for companies of all sizes to engage in domestic and international trade, notably by increasing market access for customers, supply chains and competitors, and by reducing trade costs. Many small firms in developing countries, however, remain limited in their digital involvement in relevant value chains, reflecting inadequate connectivity, limited awareness of the benefits of digitalization, skills-gaps and other barriers. It is important for digital systems to be designed in ways that facilitate the effective integration of smaller firms into the global value chains. The use of online platforms is growing, especially in those sectors facing strong global competition and involving many buyers and sellers. Smaller producers are more likely to benefit from participating in global platforms if they serve a well-defined niche market rather than competing in mass markets.

For developing countries, digitalization in particularly important sectors is evolving at different speeds, with diverse implications for the enterprises concerned. Although global e-commerce platform providers offer integrated payment solutions, many companies in developing countries cannot actually use them because they lack the requisite foreign bank account or subsidiary. Compliance with banking regulations and related private-sector rules are yet another challenge, as are trust and perceived security issues. Moreover, a negative perception about doing business in some

developing countries means that the small and medium enterprises of many developing and least developed countries are blocked from listing their products on the international market. This only compounds the banking barriers, since even if their goods were listed and sold, the companies would be unable to be paid for them.

Mr. Chairman,

E-commerce has the potential to improve the overall wellbeing and economic capacity for millions of people living in developing and least developed countries. Digitalization has the capacity, not only to connect local, small and medium enterprises with markets, but also to connect populations with services that otherwise would not be accessible. These gains are not automatic, and the current gaps in connectivity and e-commerce readiness, between and within countries, imply that benefits are not equally distributed. Digitalization can help enterprises, in particular, small and medium-sized ones, to overcome barriers to their expansion. It can facilitate the scale-up of small and medium-sized enterprises by providing vehicles to build verifiable online transaction records that may help attract new customers and business partners, as well as financing opportunities.

Mr. Chairman,

An inclusive and equitable economic growth and sustainable development remain challenges for the entire international community in the twenty-first century, especially in developing countries. Our future goal should be to work together toward “generating new models of economic progress more clearly directed to the universal common good, inclusion and integral development, the creation of labour and investment in human resources”<sup>2</sup>. This commitment enshrined in the Charter of the United Nations “to promote social progress and better standards of life in larger freedom” could be implemented through the creation of a better and more effective system of international economic cooperation, whereby the division of the world into areas of poverty and plenty will be banished and prosperity will be achieved by all.

Thank you, Mr. Chairman.

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<sup>2</sup> Pope Francis, Address to participants in the International Conference of *Centesimus Annus pro Pontifice* Foundation, 13 May 2016.