3. 14th Ministerial Conference of the World Trade Organization - international organization

The 14th Ministerial Conference (MC14) of the World Trade Organization concluded in Yaoundé without consensus on extending the e-commerce duty moratorium

1.Introduction

1. The WTO e-commerce moratorium has been a key feature of global digital trade governance since 1998, preventing countries from imposing customs duties on electronic transmissions.
2. Its possible expiry in 2026 has triggered intense debate between developed and developing countries over revenue, policy space, and digital sovereignty.
3. The issue reflects broader tensions in the WTO regarding development, equity, and the future of multilateral trade rules.

2.E-commerce Moratorium- Concept and Evolution

Definition and Scope

1. The e-commerce moratorium prohibits WTO members from imposing customs duties on electronic transmissions.
2. It covers digital goods such as software, e-books, music, and video games, as well as digitally delivered services like streaming platforms.
3. It aims to facilitate the growth of global digital trade by ensuring a duty-free environment.

Historical Background

1. Introduced in 1998 as part of the WTO Work Programme on Electronic Commerce.
2. It has been renewed periodically at successive Ministerial Conferences.
3. Its temporary nature reflects ongoing disagreements among member countries.

3.Key Issues at the Ministerial Conference (MC14)

Deadlock on Extension of Moratorium

1. Developed countries such as the United States, European Union, and Japan supported a long-term or permanent extension.
2. Developing countries, including India, opposed the extension due to concerns over revenue loss and limited policy flexibility.
3. Disagreements over the duration of extension led to a negotiation impasse.

Revenue and Policy Space Concerns

1. Developing countries fear loss of tariff revenue as digital trade expands.
2. The moratorium restricts their ability to regulate and nurture domestic digital industries.
3. It raises concerns about digital dependency and inequality.

TRIPS Non-Violation Moratorium Issue

Nature of the Safeguard

1. Since 1995, WTO members have maintained a moratorium on non-violation complaints under the TRIPS Agreement.
2. This protects countries from disputes over measures that are compliant but allegedly undermine expected benefits.

Implications of Expiry

1. Expiry increases the risk of litigation against domestic policies of developing countries.

2. For India, provisions like Section 3(d) of the Patents Act may face challenges.
3. It may constrain public health policies such as compulsory licensing.

4.Fisheries Subsidies Agreement

Achievements

1. The 2022 agreement aims to curb harmful subsidies contributing to illegal and unregulated fishing.
2. It addresses depletion of fish stocks and promotes sustainable practices.

Limitations and Pending Issues

1. The agreement does not fully address subsidies causing overcapacity and overfishing.
2. Further negotiations are planned to resolve these issues in future ministerial meetings.

5.India's Core Principles at WTO

Development-Centric Multilateralism

1. India advocates an equitable trading system prioritising development needs.
2. It emphasises non-discrimination as enshrined in the Marrakesh Agreement.

Public Stockholding for Food Security

1. India seeks a permanent solution for public stockholding programmes.
2. It argues that MSP-based procurement is essential for food security and farmer welfare.
3. Current WTO rules constrain such support mechanisms.

Special and Differential Treatment (S&DT)

1. India stresses the need for flexibility for developing and least developed countries.
2. S&DT provisions aim to address structural inequalities in global trade.

Dispute Settlement Reform

1. India calls for restoration of a functional Appellate Body.
2. The current paralysis weakens enforcement of WTO rules and credibility of the system.

6.World Trade Organization- Structure and Role

Institutional Framework

1. The WTO was established in 1995 as the successor to GATT.
2. It is headquartered in Geneva and has a large membership base.
3. It aims to promote free and fair trade through multilateral agreements.

Decision-Making Bodies

1. The Ministerial Conference is the highest decision-making body.
2. The General Council functions as the Dispute Settlement Body and Trade Policy Review Body.
3. Specialized councils such as the TRIPS Council oversee specific areas.

7.Implications of E-commerce Moratorium Expiry

For Developing Countries

1. Ability to impose tariffs on digital imports could generate revenue.
2. Greater policy space to regulate digital markets and support domestic industries.

For Developed Countries and Global Trade

1. Increased fragmentation of digital trade rules.
2. Potential rise in trade barriers affecting global digital economy growth.

For Global Governance

1. Reflects widening divide between developed and developing nations.
2. Highlights challenges in achieving consensus in multilateral institutions.

8.Way Forward

Balanced Approach to Digital Trade

1. A middle path balancing revenue concerns and trade facilitation is needed.
2. Flexibility for developing countries should be incorporated.

Reform of WTO Framework

1. Strengthening dispute settlement mechanisms is essential.
2. Updating trade rules to reflect digital economy realities is necessary.

Strengthening Domestic Digital Ecosystem

1. India must invest in digital infrastructure and innovation.
2. Policies should promote competitiveness and reduce dependency.

Conclusion

The debate over the e-commerce moratorium underscores the evolving nature of global trade in the digital age. It highlights the tension between free trade and development priorities. A balanced, inclusive, and reform-oriented approach is essential to ensure that the WTO remains relevant and equitable in the digital era.

Source- https-//www.thehindu.com/business/Industry/wto-meet-concludes-no-consensus-on-extension-of-e-commerce-duty-moratorium/article70802293.ece