Global e-Commerce Norms

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India and South Africa have raised a concern whether it is proper to continue with the current practice of not imposing customs duties on electronic transmissions at the World Trade Organization (WTO).

> The WTO members had agreed for the first time **in 1998 to the temporary moratorium** on customs duties on electronic transmissions such as e-books, music and a variety of services.

Arguments against moratorium

- In a joint proposal circulated at the World Trade Organization on 12 July, India and South Africa said that the realities prevailing in 1998 have changed significantly during the subsequent two decades primarily because of two reasons
  - The manifold increase in the **volume** of electronic transmissions.
  - The diffusion of additive manufacturing technology through **3-D printing** as well as manufacturing physical products.
- More importantly, as more products, which are presently traded in physical form, get digitalized and delivered through electronic transmissions, the moratorium on customs duties would result in higher revenue loss.
- This proposal is also being supported by several developing and poorest countries because of the adverse effect on customs duties.
- Both countries also opined that there is no agreed definition nor common understanding among the membership of what is covered under "electronic transmissions".

Arguments in favour of a moratorium

- The major industrialized countries led by the US, along with several developing countries such as Singapore, Korea, and Hong Kong demanded that the temporary moratorium is made permanent as it would provide **predictability** and **certainty** for goods traded through the internet.
- The US, EU and China proposed an “electronics commerce initiative” for **free flows** of information, protection of proprietary information, digital security, facilitating internet services, competitive telecom markets, and trade facilitation through digital means.

India’s stand

- Earlier in 2018, the Ministry of Commerce constituted a think tank comprising of “Indian” tech companies, relevant government bodies, industry associations, civil society and research institutions for an e-commerce framework in India.
- The decision to constitute this think tank follows from both domestic and international compulsions.
    - The domestic trigger is largely a fear of ceding the fast-growing e-commerce market to foreign interests, as exemplified by the rhetoric around the recent sale of Flipkart to Walmart.
    - Simultaneously, India is also under intense pressure to negotiate international rules on e-commerce under the World Trade Organization (WTO).

Why doesn’t India want global rules on E-commerce?

- Global rules do not benefit Indian companies.
- WTO prescribed rules would interfere in the sovereign rights of the country.
- The proponents of rules on e-commerce have been of the view that the servers that help e-commerce transactions should be located in a country of choice. India and other countries have opposed this as they feel that the servers servicing customers, say, in India should be physically located in India. This is for greater control over the data generated within the country and to stop any disruptions in services.
- The issue of cross-border transfer of data and exercise of jurisdiction over service providers that do not have a direct presence in the country.
- Of global trade, e-commerce trade across borders is less than 5%.
- Not much gain for developing countries as 85% of e-commerce controlled by the US, China, UK, Germany, France, Japan.
- The rules will restrict government’s policy space to insist on open source software and local procurement.
- Data owned by consumers is used by global giants, helping them to control data.