



India to Oppose Moratorium on E-Transmission at WTO

For Prelims: E-Transmission Moratorium, WTO

For Mains: Issues with Moratorium on E-Commerce

Why in News?

India will **oppose the continuation of a moratorium on [Customs Duties](#) on electronic transmission (E-Transmission) at the [World Trade Organization's \(WTO\)](#) 12th Ministerial Conference (MC12)** starting in June 2022 as it favors developed nations only.

- The moratorium was extended at the 11th MC in Argentina in 2017 for two years. In the General Council meeting in December 2019, members agreed to maintain the current practice till the 12th MC.

What is the E-transmission Moratorium?

- The WTO members **had agreed not to impose customs duties on electronic transmissions since 1998** and the moratorium has been periodically extended at successive Ministerial Conferences (MC), which is the highest decision making body of the 164-member organisation (WTO).
 - The **moratorium is on digitisable products like** photographic films, cinematographic films, printed matter, music, media, software, and video games.
- In 1998, ministers at the Second Ministerial Conference adopted the **Declaration on Global Electronic Commerce**, calling for the **establishment of a work programme on e-commerce**, which was adopted later that year.
 - Since **most countries didn't have concrete policies on e-commerce**, which was an emerging area of trade in even developed countries in 1998, they had decided to establish a work programme on it to hold intensive talks and impose a moratorium on customs duties on electronics transmission.
- In 1998, the General Council of the WTO established the work programme on e-commerce to **comprehensively examine all trade-related issues pertaining to global e-commerce** by considering the economic, financial and development needs of emerging economies.
 - The WTO Work Programme on electronic commerce defines **electronic commerce" as the "production, distribution, marketing, sale or delivery of goods and services by electronic means."**

What does India Seek at the Meeting?

- At the 12th MC in June 2022, many WTO members are seeking temporary extension of the moratorium till 13th MC but **India does not want this time to continue this further.**
- India and South Africa on several occasions have asked the organization to revisit the issue and have **highlighted the adverse impact of the moratorium on developing countries.**
- India wants the **WTO to intensify the work programme on the e-commerce sector.**

- India has also stated that the Council for Trade in Goods, Council for Trade in Services, Council for **TRIPS (Trade Related Aspects of Intellectual Property Rights)** and the Committee for Trade and Development **should take up discussions on e-commerce as per their respective mandates** originally set.
- India believed that formal negotiations in the WTO on rules and disciplines in e-commerce would be premature given the highly asymmetrical nature of the existing global e-commerce space and lack of understanding on the implications of the multi-faceted dimensions of issues related to the sector.

What are the Issues with the Moratorium?

- India is **witnessing an exponential rise in imports of electronic transmissions**, mainly of items like movies, music, video games and printed matter, some of **which could fall within the scope of the moratorium**.
- Allowing the moratorium to lapse is important **for developing nations to preserve policy space for their digital advancement**, to regulate imports and generate revenue through customs duties.
- The potential tariff revenue loss to developing countries is estimated at USD 10 billion annually.
- While the profits and revenues of digital players are rising steadily, the ability of governments to check these imports and generate additional **tariff revenues is being 'severely' limited** because of the moratorium on e-commerce.
- It will have impact on industrialization, on the use of digital technologies like 3D printing in manufacturing and losses of other duties and charges.

Way Forward

- Developing countries need to preserve flexibility to implement policies to catch up with the developed countries in the digital arena. We first need to focus on improving domestic physical and digital infrastructure.
- It's extremely important for developing countries to regulate their luxury imports of movies, music, and video games. Removal of the moratorium will provide this policy space to governments.

UPSC Civil Services Examination, Previous Year Question

Q. India enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999 in order to comply with the obligations to (2018)

- (a) ILO
- (b) IMF
- (c) UNCTAD
- (d) WTO

Ans: (d)

Q. The terms 'Agreement on Agriculture', 'Agreement on the Application of Sanitary and Phytosanitary Measures' and 'Peace Clause' appear in the news frequently in the context of the affairs of the (2015)

- (a) Food and Agriculture Organization
- (b) United Nations Framework Conference on Climate Change
- (c) World Trade Organization
- (d) United Nations Environment Programme

Ans: (c)

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