

# INDIA SEEKS CLARITY OVER DIGITAL TRADE

Relevant for: Economy | Topic: World Trade, WTO and issues involved

India has contended that the moratorium has a substantial impact in terms of revenue as well as policy

**NEW DELHI** : Developing countries led by India and South Africa are set to clash with developed countries at the World Trade Organization's (WTO's) ministerial next month on permanent prohibition of customs duties on electronic transmission, which was being pushed by the Group of Seven (G7).

"Electronic transmissions, including the transmitted content, should be free of customs duties, in accordance with the WTO Moratorium on Customs Duties on Electronic Transmissions. We support a permanent prohibition of such duties," G7 trade ministers, including Canada, France, Germany, Italy, Japan, UK and US said in a joint statement on Friday.

Adopting G7 Digital Trade Principles that will guide the G7's approach to digital trade, the trade minister said they oppose digital protectionism and authoritarianism. "We are concerned about situations where data localization requirements are being used for protectionist and discriminatory purposes, as well as to undermine open societies and democratic values, including freedom of expression," they said. India and South Africa have stepped up pressure on WTO ahead of the 12th ministerial meeting (MC-12) to begin on 30 November, urging it to review a moratorium on imposition of customs duty on electronic transmissions so that developing countries can generate more revenues.

"Under this multilateral Work Programme and with the intention of understanding the implications of the moratorium on customs duties on electronic transmissions, India along with South Africa has been introducing submissions in various WTO forums, which explain our understanding of the scope and impact of the moratorium. We have been seeking clarity on the scope of the moratorium without which it is difficult for us to advise our political leadership on the issue," India had said earlier this month.

The moratorium has substantial impact both in terms of revenue and policy and the ability to support industrialization, where the brunt is borne by the developing countries, while the benefit goes to a few members, largely a few developed countries, India said. "There have been suggestions to substitute tariffs by non-discriminatory internal taxes. However, these suggestions do not address the associated concerns, as the two are not exact substitutes of each other. The latter option also does not address the issue of erosion of policy space and ability to support domestic industrialization," it said.

It is incumbent upon proponents of moratorium extension to establish a clear and direct link showing that the moratorium on customs duties on electronic transmissions has had a substantive positive impact on the development of e-commerce around the world, India said. "We advocate an evidence based, data-backed decision on this subject. This will also help us understand how the growth of this sector depends on the extension of the moratorium and how will it be affected if the moratorium is not renewed," it said.

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