

**General Council Meeting**  
**July 23-24, 2019**

**Statement by India**

***Agenda Item 6: Work Programme on Electronic Commerce - Review of progress (S/C/57, G/C/65)***

Thank you Chair. We join others in thanking you and the Chairs of other regular bodies for their comprehensive reports on the review of progress under the Ecommerce Work Programme.

2. E-commerce has created new and exciting opportunities in global trade. However, at the same time, it also poses significant infrastructure and regulatory challenges for developing countries who are at a disadvantage and would lose out due to the large digital divide. As the digital revolution is still unfolding, we have on a number of occasions reiterated that it is important to first understand the complex and multi-faceted dimensions of issues related to e-commerce. We still do not comprehend the full implications of effects of e-commerce on competition and market structures, issues related to transfer of technology, automation and robotization and its impact on traditional jobs and the gaps in policy and regulating frameworks in developing countries. Therefore, we have been proponents of strengthening our multilateral work under the non-negotiating and exploratory work programme on e-commerce.

3. It is with the intention to understand the implications of the moratorium on customs duties on electronic transmissions, India along with South Africa has introduced two submissions in July 2018 and in June 2019. These submissions aim to examine the implications of the moratorium not just from the revenue perspective but also as to how it is impacting digital industrialization in developing countries and LDCs. We have engaged in the informal GC meeting on 19 June 2019 to address issues raised by some members. Let me briefly highlight the key issues and try to address the doubts raised by some members.

- With the advent of industry 4.0 and the advance of 3D printing technologies, the moratorium will erode the existing GATT bound rates which are typically higher in developing countries. The existing literature and research also unequivocally point out that developing countries would be bearing the brunt of losses of revenue due to the moratorium. Therefore, we need to deepen our debate to understand these implications.
- Some Members have expressed doubts regarding the methodology and findings of the UNCTAD 2019 study. We wish to reiterate that what is important is the key message of this study, which highlights the negative consequences of the moratorium and loss of policy space for developing countries. It also points to the fact that if developing countries do not regulate their trade in data and software, then the rapidly progressing digital technologies have the potential to significantly decrease their ability to control their manufacturing and services trade.

- Regarding the issues related to the methodology of the study we wish to underscore that the UNCTAD study has realistic estimates of ‘electronic transmission’ or ‘online trade’ in digitizable products and not just physical trade in digitizable products, as in earlier such studies. The study is also conservative in the estimation of revenue loss as it has only taken a growth rate of 8% for import of digitizable products against the average growth rate of global revenue of around 30% for services like Netflix and video games during the reference period from 2011-17.
- Questions were also raised regarding the technical feasibility of imposing customs duties on electronic transmissions. In this regard, we note that many Members have started successfully levying GST on intangible imports. Therefore, feasibility of imposing customs duties is not an issue. It is also important that the decision on desirability of imposing customs duties should rest with sovereign governments as a policy tool for their own development.
- We will continue with our efforts to deepen the discussion and engage with Members to understand comprehensively and examine the various dimensions of issues surrounding the moratorium so that Members can take a well-informed decision on the moratorium in December 2019.

### **US submission on the economic benefit of cross border data flows**

4. We welcome the submission by the United States on the economic benefits of cross border data flows under the work programme on e-commerce, which we believe is the right forum for strengthening our multilateral work on e-commerce in the WTO. The US submission has flagged the critical issue of data which is at the heart of our e-commerce negotiations. We agree that data which is the ‘new oil’, is the lifeblood of economic activity and trade in today’s digital world. The digital economy generates trillions of megabytes of data every day, which has significant commercial and economic value and big data analytics are playing an increasingly important role in trade and commerce. India believes that all countries should be able to own and control their data for economic purposes and welfare of their people. We also believe that it is essential that the economic benefits from e-commerce in general and data flows in particular should be shared in an equitable manner amongst all stakeholders instead of being monopolized by the global e-commerce giants. In this regard, India’s draft e-commerce policy lays down possible strategies to treat data as a national asset and create a supporting legal and regulatory framework to ensure the same. We would engage to further deepen our discussions and understanding on this.

5. Finally, let me reiterate our concerns on the parallel discussions on e-commerce under the joint statement initiatives with the objectives of rulemaking which is clearly contrary to the mandate reaffirmed at MC-11 to strengthen our multilateral work under the e-commerce work programme. It is our considered view that rules and disciplines on e-commerce at this stage are highly premature given the asymmetric nature of the existing global e-commerce sector. We urge all members to engage to strengthen our multilateral work under the work programme.

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