

E-commerce: India may not extend the moratorium on customs duties

STRONG STAND. 'Will oppose efforts by nations, including China, for plurilateral pact on investment facilitation'

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India is unlikely to extend the moratorium on the imposition of customs duties on electronic transmissions at the WTO's 13th Ministerial Conference (MC13) in Abu Dhabi this month, as there is no consensus on its scope and it benefited mostly developed nations, per an official.

India, with support from South Africa, is also set to oppose efforts made by a number of countries, including China, for a plurilateral pact on investment facilitation for development, as it is a non-trade issue falling outside the purview of the WTO, the official added.

"New Delhi is not in favour of a further extension of the e-commerce moratorium.

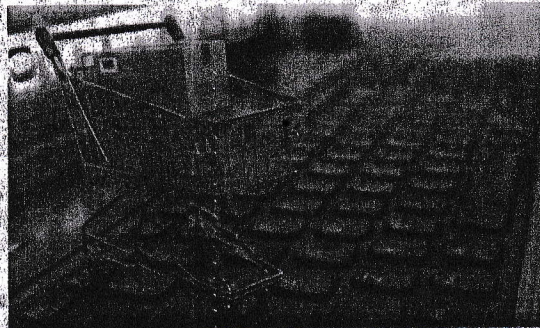
We are unlikely to do so at MC13. Those who demand the moratorium should tell us what its scope is and what it covers. Only then we can decide if there is a need," an official close to the negotiations told *businessline*.

INDIA'S LOSS

Developing countries lose an estimated \$10 billion every year in revenue because of the moratorium, per calculations made by the UNCTAD in a 2017 study. For India, it could be over \$500 million every year.

Studies and reports that analysed the scope of the moratorium say it comprises physical goods that have become digitalised over a period of time due to tech advancement, the official added.

"For example, books and movies that were earlier



LOST REVENUE. Developing countries lose an estimated \$10 billion every year in revenue because of the moratorium

coming in the form of physical copies, cassettes or CDs, are coming as intangibles. Some say it covers services also that are delivered digitally.

"There are other interpretations, too. The proponents of the moratorium need to explain the scope to

us so that an informed decision can be taken," said the official. Based on UNCTAD studies, it is assumed that the scope of moratorium is digitalised products, and developed nations, who are exporters of such products, will gain from the moratorium at the cost of developing nations that are

importers, the official added.

PUSH FOR IFD

WTO members agreed not to impose customs duties on electronic transmissions since 1998, and the moratorium has been periodically extended at successive ministerial conferences. A China-led group of 130 countries are pushing for the Investment Facilitation for Development (IFD) proposal.

The proposal for an agreement on IFD is an initiative of 130 members, with China as one of the leaders, which India is strongly opposed to. The proponents want to bring the proposal through annexure-4 of the WTO, under which the proposal would be binding on only the signatory members. India believes it could lead to undue altering of the scope of the multilateral forum.