Why slow evolution of global rules on digital trade, e-commerce hurts

Policy research institute RIS flags diverse approaches to data flow and privacy protection in major economies, says this can have implications beyond national boundaries

By **JOE MATHEW**, **Nov 29, 2021**
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A representational image of a shopper using their card to shop for products on an e-commerce website.

Image: Narendra Bisht

Global regulations on digital trade and e-commerce are evolving too slowly, according to New-Delhi based policy research institute, Research and Information System for Developing Countries (RIS). Flagging the mesh of plurilateral agreements that sidestep the consensus principle (including on e-commerce) at the WTO in its report, the think thank says this is a major barrier in governing digital trade flows.

The diverse approaches to data flow and privacy protection in major economies like the US, China, and the EU, the World Trade and Development Report 2021 says, can have implications beyond national boundaries. “Amidst the absence of any agreed framework specific to Digital Trade/E-Commerce under WTO Agreements, the Regional Trade Agreements (RTAs) have come to adopt certain provisions on e-commerce and digital trade issues. Such efforts lack uniformity and leave regulatory space wide-open. The fragmented approach to data governance prevents new technologies from unleashing their positive potential and mitigation of potential harms."

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Carlos Correa, Executive Director, South Centre, said that how technology and trade are impacting each other - though very important in the post-COVID scenario that saw acceleration of digitisation - has not been dealt with seriously at the WTO. "Developing country think tanks like the South Centre and RIS should analyse all the proposals and ensure that the postponement of WTO's Ministerial Conference (MC12) will help consolidate developing country positions on various issues including fishing subsidies, agriculture, TRIPS waiver and Special and Differential Treatment."

The report adds that in the absence of binding commitments on capacity building in developing countries for managing the digital transition, the emerging digital governance framework could result in high compliance costs. This could adversely impact the trade competitiveness of developing countries in the digital sphere. "Digital technologies have brought to the fore serious concerns surrounding incompatible licensing and taxation requirements. The extant taxation frameworks are inadequate to govern the digital flows in goods and services and there is a need for greater standardisation in taxation frameworks. A major concern involves data flows."

According to the report, eliminating or narrowing the technology-innovation divide is critical for developing production capacities for technology products to avoid import dependence.