



POLICY BRIEF #72

WTO & E-commerce Moratorium: India's Options Post MC 14

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Abstract

The e-commerce moratorium, a major outcome of the Work Programme on E-commerce (WPEC) at the World Trade Organisation (WTO), has been one of the driving forces of the growth of cross-border e-commerce in the world. In place since 1998, it has been renewed at successive ministerial conferences (MC) until MC 14 held during March 26-31, 2026, in Yaoundé, Cameroon. A lack of consensus amongst members led to the lapse of not only the WPEC but also the moratorium.

After MC14, several WTO members, including the United States, the European Union, the United Kingdom and others, indicated their intention to continue maintaining duty-free treatment for electronic transmissions amongst themselves. This has raised important questions regarding the future governance of digital trade and the evolving architecture of international rule-making in this area. While India has not participated in these plurilateral agreements, as one of the largest exporters of digitally delivered services (DDS) in the world, it has significant stakes in the evolution and growth of global DDS. With concerns regarding the loss of flexibility in the domestic policy space due to the moratorium remaining relevant, the rapid evolution of technology, alongside shifting business and production processes, necessitate a proactive role of India at the global fora.

It is in this context that this policy brief presents a chronology of e-commerce moratorium related discussions at the WTO and its status, highlighting India's position. Given that India agreed to extending the moratorium until 2030, underlining a major shift in its previous positioning, becoming much more aligned to the priorities of its industry stakeholders like NASSCOM, the Policy Brief made recommendations on the way forward that prioritised Indian business interest.

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List of Abbreviations

4IR	Fourth Industrial Revolution
AI	Artificial Intelligence
CBIC	Central Bureau of Indirect Taxes and Customs
CEPA	Comprehensive Economic Partnership Agreement
CETA	Comprehensive Economic and Trade Agreement
DDS	Digitally Delivered Services
DEA	Digital Economic Agreement
ECEHs	E-Commerce Export Hubs
EU	European Union
GC	General Council
GCCs	Global Capability Centres
IMF	International Monetary Fund
JSI	Joint Statement Initiative
LDCs	Least Developed Countries
MC	Ministerial Conference
MC13	Thirteenth Ministerial Conference
NVC	Non-Violations Complaint
OECD	Organisation for Economic Co-operation and Development
SMEs	Small and Medium Enterprises
UK	United Kingdom
UNCTAD	United Nations for Cooperation on Trade and Development
USA	United States of America
WPEC	Work Programme on Electronic Commerce
WTO	World Trade Organisation

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1. Introduction

The multilateral framework for digital trade was established in 1998 in the World Trade Organisation (WTO) through the Work Programme on Electronic Commerce (WPEC).¹ In the WPEC, the moratorium on customs duties for electronic transmissions, was first adopted as a temporary measure, but has been renewed 11 times over the past 27 years, with the WTO member countries agreeing not to impose customs duty on e-commerce. It failed to secure renewal at the recently concluded 14th WTO Ministerial Conference in March 2026.² Over the years, the moratorium has led to an unprecedented rise in cross-border e-commerce, which together with digital trade has transformed global growth.

The emergence of Fourth Industrial Revolution (4IR) technologies, particularly artificial intelligence (AI)-enabled products and services, has increased the importance of rules governing digital commerce. These technologies have expanded the scale and complexity of digitally delivered transactions, raising issues relating to data governance, market access, consumer protection and digital sovereignty. The economic significance of this sector is also substantial. According to estimates, global exports of digitally delivered services (DDS) reached approximately USD 5.25 trillion in 2025, recording a year-on-year growth rate of nearly 10 per cent³ and more than doubling since 2017. E-commerce has helped MSMEs in developing countries to connect to global value chains (World Bank, 2020), by increasing their access to markets, information and adoption of 4IR tools (Sugiharto, B. H., 2024). Therefore, a number of developing countries including India are coming up with policies to support MSME integration in ecommerce platform for cross-border trade (NITI Aayog, 2024).

As technology and e-commerce grow, its definition, scope and coverage are also evolving. The WPEC and the Organisation for Economic Co-operation and Development (OECD) (2011) has tried to define e-commerce (see Box 1.1). The OECD (2011) definition covered digitally traded goods.⁴

¹ Source: https://www.wto.org/english/thewto_e/minist_e/min98_e/ecom_e.htm (last accessed on May 7, 2026).

² For details on how the WPEC and the moratorium on customs duty see Mukherjee & Kapoor (2018) and Banerjee et al. (2024)

³ Source: https://www.wto.org/english/res_e/statis_e/gstdh_digital_services_e.htm (last accessed on May 7, 2026)

⁴ Traditional physical goods refer to goods traded across borders through online marketplaces like Amazon, Alibaba, or Rakuten and is supported by online payment systems such as PayPal, AmazonPay and Alipay. These goods are subjected to the same customs duties, taxes, rules, requirements and procedures associated with tangible goods crossing borders and attract the applied rates of Most Favoured Nation (MFN) or preferential duty at the border. For more on the definition see Mukherjee & Kapoor (2018) and Banerjee et al. (2024)

Box 1.1: Definition of E-commerce According to the WPEC and OECD

The WTO's WPEC defines electronic commerce as, "the production, distribution, marketing, sale, or delivery of goods and services by electronic means". The work programme recognises e-commerce as a cross-cutting issue, covering goods and services.

The OECD (2011) defines e-commerce as "anything that involves conducting electronic transactions, i.e., the sale or purchase of goods or services, whether between businesses, households, individuals, governments and other public or private organisations, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders".

Source: https://www.wto.org/english/tratop_e/ecom_e/ecom_work_programme_e.htm#what (last accessed on July 30, 2024)

More recently the joint "Handbook on Measuring Digital Trade (2023)", developed by the International Monetary Fund (IMF), OECD, United Nations for Cooperation on Trade and Development (UNCTAD) and World Trade Organisation (WTO), provide a clear distinction between "*digitally ordered trade*" and "*digitally delivered trade*". While the former refers to traditional physical goods traded across borders through online marketplaces, the latter refers to "*all international trade transactions that are delivered remotely over computer networks*". Digitally delivered trade also encompass goods that were earlier "physically" traded but have now started to be traded through computer networks, such as online movies, audiobooks, and songs (WTO, 2018).

While, overall, there is yet to be a consensus among WTO members on the precise scope, coverage, or definition of what "electronic transmissions" are, in the context of trade, they are generally understood to refer to digitally delivered trade (Andrenelli and Gonzalez, 2023).

In this context, international dialogues become essential for addressing the interconnected nature of the digital economy, where domestic regulations are often ineffective without robust global co-operation and the harmonisation of standards. The objective of this policy brief is to present a chronology of e-commerce moratorium related discussions at the WTO, its status, highlighting India's position and possible way forward for India after the recent WTO Ministerial Conference (MC 14), held between March 26-30, 2026, in Yaoundé, Cameroon.

1.1 Evolution of the Moratorium on Customs Duties on Electronic Transmissions (1998–2026)- Why is Moratorium so Debated?

While the WEPC was envisaged to focus on all e-commerce related trade rules, it was successful only in getting the WTO members to agree on the moratorium on customs duties on electronic transmissions, which they agreed to maintain periodically by consensus. The moratorium since then has been renewed in each Ministerial Conference (MC), and in MC 13

in 2024, the moratorium was extended up until MC 14 or March 31, 2026, whichever came earlier, with the moratorium and the WPEC set to expire on that date. This was a cause for concern as for the first time the moratorium was linked to the expiry of the WPEC, a platform for all WTO members to discuss trade rules in e-commerce. At the same time, the inability of the WPEC to move discussions on trade rules beyond the moratorium on customs duty led some countries to form a plurilateral coalition named the Joint Statement Initiative on E-Commerce (henceforth, JSI) (see Box 1.2). The JSI reached a consensus on several e-commerce related trade rules in July 2024, through a “stabilised text” with 80 members, while the discussions on the moratorium continued in the WPEC.

Box 1.2: Joint Statement Initiative (JSI) on Electronic Commerce

A few countries came together in 2019 to deliberate and develop comprehensive global rules on e-commerce through the JSI on Electronic Commerce. This plurilateral track sought to create a rules-based framework for issues like electronic signatures, paperless trading and personal data protection. In July 2024, 80 members reached an agreement on a “stabilised text” for a plurilateral Agreement on Electronic Commerce, also known as the WTO E-Commerce Agreement (ECA) after five years of negotiations. Notably, members like Brazil, and the United States of America (USA), participated in the discussions, but opted not to endorse the final text. The text as it stands does not define the scope of the moratorium, and only adopts the expression, “all commerce carried out by electronic means”.

As of June 2025, 91 WTO members are party to the JSI, representing 90 per cent of global trade.

Source: (WTO, 2024b); https://www.wto.org/english/tratop_e/ecom_e/joint_statement_e.htm (last accessed on 9 May 2026); and <https://www.diplomacy.edu/blog/digital-economy-at-a-crossroads-wto-ministerial-and-the-future-of-digital-trade/> (last accessed on 10 May 2026)

1.2 India’s Position on the Moratorium

India has been an active participant and a promoter of the rule-based trading system under the WTO since its inception in 1995. At the launch of the Doha Round in 2001, India, in the WPEC, demonstrated strong interest in liberalising Mode 1 or cross-border trade in services and online service delivery. It has also been a major supporter of multilateral platforms as the appropriate forum for discussions on reforms in domestic regulation in services, aimed at enhancing transparency and minimising impediments to trade. However, India’s position became more layered as the country became one of the fastest growing domestic markets for e-commerce and the regulatory regime related to e-commerce started evolving with respect to legal areas such as data protection.⁵ A study by UNCTAD, which estimated that

⁵ For details on how India’s position had changed from a proponent of e-commerce to a more cautious approach, refer to Mukherjee & Kapoor (2018) and Banerjee et al. (2024). India throughout has supported the temporary moratorium and did this at MC14. Its opposition to permanent moratorium is to safeguard policy space in the face of lack of clarity on scope and definition.

developing countries could lose nearly USD 25 billion annually in tariff revenue due to the continuation of the moratorium (Banga, 2022), also gave a further consideration to resist outright commitment to liberalization. This was earlier considered to be a bargaining tool for India in its negotiations as well as a way to safeguard the domestic industry and policy space. Therefore, India continued to support the extension of the moratorium in the WTO; while some experts in the country opposed it, many others, including industry bodies like National Association of Software and Service Companies (NASSCOM), have always supported it (for details see Banerjee et al, 2024).

In the meanwhile, India did not join the JSI on e-commerce and participate in the rule-making process, primarily because it was being negotiated outside the WTO's multilateral and consensus-based framework (Banerjee et al., 2024). India has also adopted a gradualist approach given that its domestic digital policy and regulatory architecture were evolving in many areas like consumer protections and data privacy, and there was concern that these emerging frameworks may not align with the binding commitments proposed under the JSI and the country may not have policy space for future reforms.

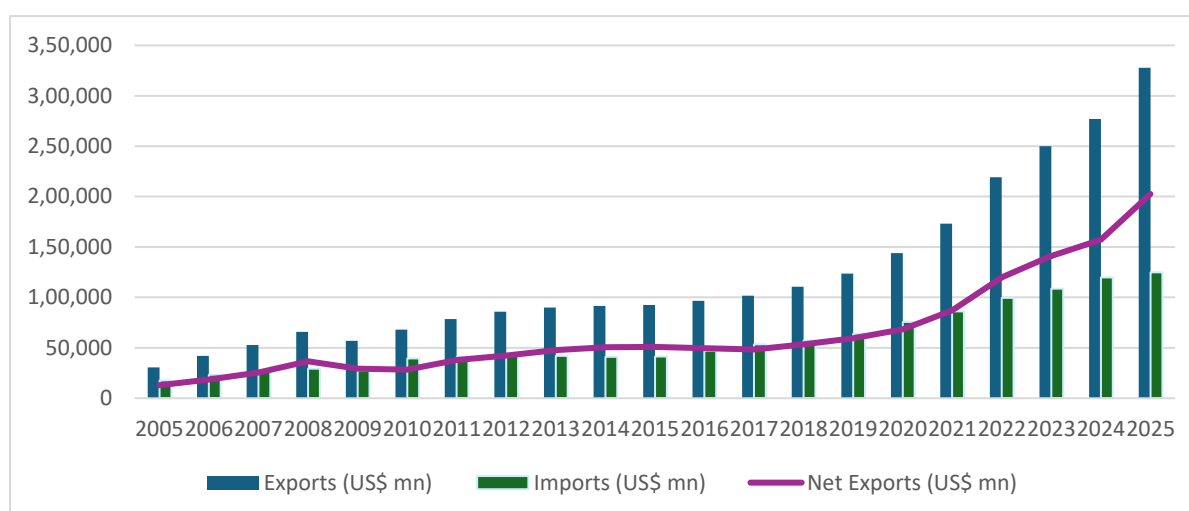
India continued to support the extension of the e-commerce moratorium in the WPEC, while raising certain concerns. The core concern for most Indian policymakers and industry was the lack of a formally agreed upon definition or scope of what constitutes as electronic transmission and, therefore, what the coverage of the moratorium could be. The interest of the Indian industry on moratorium is based on India's export strength as discussed below. Further, the UNCTAD study raised concern about revenue loss for developing countries. Thus, while concerns regarding the moratorium remain relevant, it is important to also examine the broader trade and economic implications of the temporary moratorium considering India's rising position in the global digital economy.

a. India – A Major Exporter of Digitally Delivered Services (DDS)

In 2025, India was the fourth largest exporter of DDS in the world, after the USA, the UK and Ireland, with exports reaching an estimated USD 328 billion.⁶ Further, as shown in Figure 1.1, India has maintained a consistent trade surplus in DDS since 2005, with exports growing nearly seven-fold by 2025. This trade surplus suggests that India stands to gain more from the moratorium than it may lose as an importer. India, in this respect, is unique among developing countries, which are mostly net importers.

⁶ Source: https://www.wto.org/english/res_e/statistics_e/gstdh_digital_services_e.htm (last accessed on 9 May 2026)

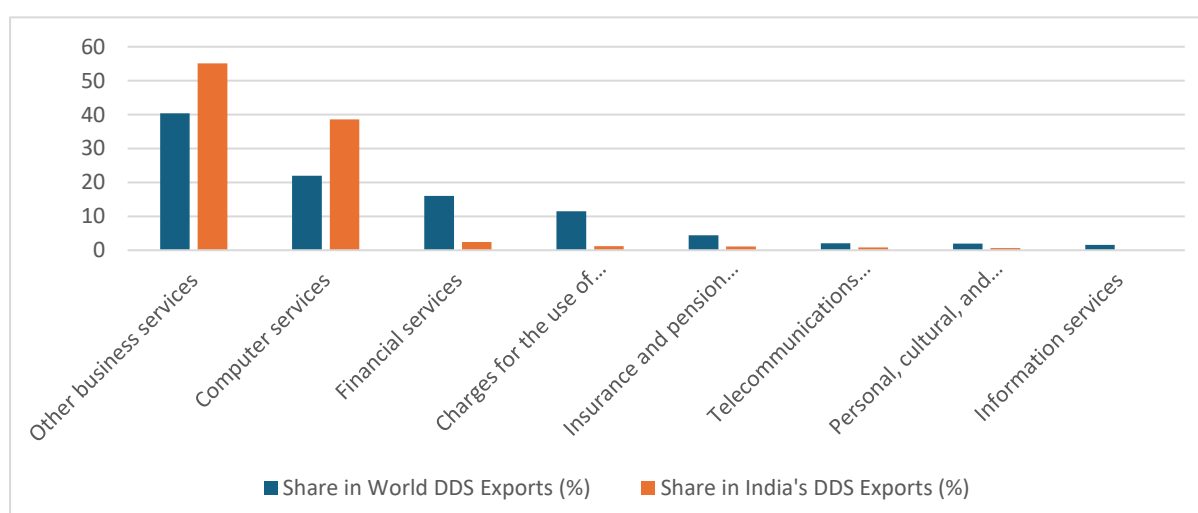
Figure 1.1: India's Exports, Imports and Net Exports of DDS (in USD million)



Source: https://www.wto.org/english/res_e/statistics_e/gstdh_digital_services_e.htm (last accessed on 9 May 2026)

As seen in Figure 1.2, in 2025, the share of computer services and other business services in India's total DDS exports was higher than their corresponding share in global DDS exports, reflecting India's comparative advantage in these sectors. This export specialisation highlights the growing integration of Indian firms into global digital value chains and strengthens the argument that maintaining open and predictable digital trade regimes could support India's long-term interests as a leading exporter of DDS.

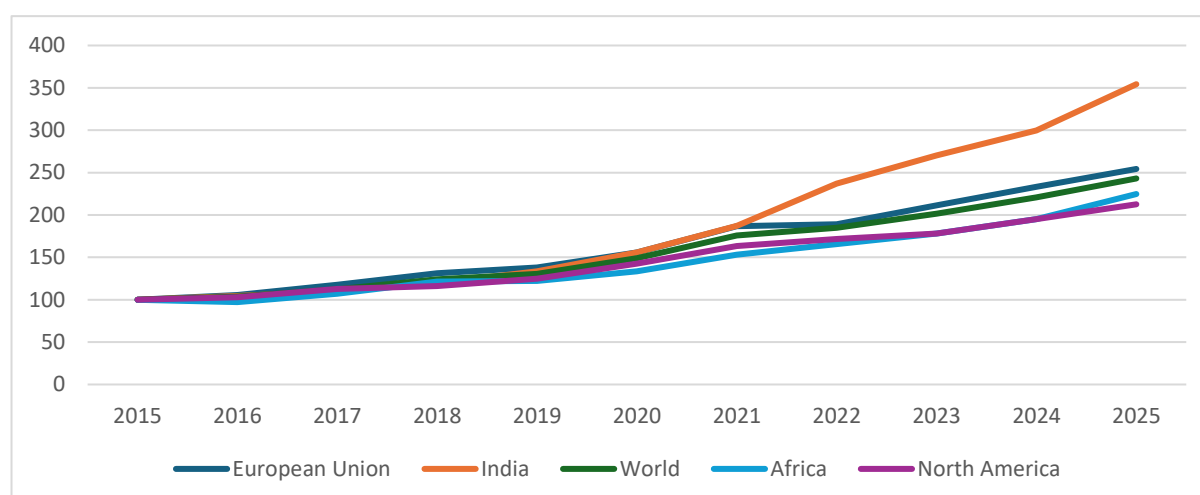
Figure 1.2: Share of Export of Types of DDS in Total Exports of DDS by India and in Total World DDS exports (2025)



Source: https://www.wto.org/english/res_e/statistics_e/gstdh_digital_services_e.htm (last accessed on 9 May 2026)

As Figure 1.3 shows, India is experiencing a faster growth in DDS exports not only in comparison to the world but even to regions like North America, EU, and Africa. Therefore, the removal of the moratorium could lead to other nations imposing reciprocal duties, which would be injurious to India's rapidly growing DDS export industry.

Figure 1.3: Growth of DDS Exports: India vs. Select Regions and the World



Source: https://www.wto.org/english/res_e/statistics_e/qstdh_digital_services_e.htm (last accessed on 9 May 2026)

b. Support from Indian Technology Companies

There exists a broad consensus among Indian technology companies in favour of continuing the WTO moratorium on customs duties on electronic transmissions. Industry associations such as NASSCOM have supported the moratorium, noting that many of their members are key exporters and could face higher costs if customs duties are imposed on digital products and services. These associations have argued that, in the absence of clarity regarding the scope and coverage of e-commerce trade and until sufficient data is available on its trade and implications, major information technology (IT) and information technology enabled services (ITeS) exporting countries such as India, should maintain the status quo and continue with the moratorium on customs duty.

Further, India is increasingly expected to play a proactive role in shaping a global digital trade architecture that safeguards the interests of both domestic firms and developing economies more broadly. Industry bodies have consistently called for a transparent and predictable regulatory framework for the e-commerce sector. They have also emphasised the need for greater multi-stakeholder consultations and structured engagement with the private sector to identify priority regulatory reforms and institutional capacity-building requirements (Banerjee et al., 2024).

c. Domestic Taxation is better Source of Revenue than Custom Duty

While the UNCTAD paper refers to revenue losses, with growing trade in digitally delivered services, it is technically difficult to impose custom duty on services that do not physically cross customs borders. Many experts have, therefore, suggested exploring alternative mechanisms for raising revenue such as digital taxation. This is also being discussed in the OECD.⁷ Domestic taxation mechanisms such as goods and services tax (GST) or value added tax (VAT) may constitute more efficient and administratively feasible tools for taxing digital transactions than border tariffs (Andrenelli, and Gonzalez, 2023). For goods, the customs duties are coming down because of domestic reforms and trade agreements (see sub-section e.), and therefore, customs duty in e-commerce may not be the best way to raise government revenue.

d. Rise of Global Capability Centres (GCCs) in India and Implications for DDS

India has emerged as a major global hub for global capability centres (GCCs), particularly in sectors such as information technology, digital services, finance, research and development, and e-commerce support services. India currently hosts more than 2,100 GCCs, generating an estimated revenue of nearly USD 100 billion, with major multinational corporations, including e-commerce and fintech firms, establishing large-scale technology and innovation operations in the country.⁸ Hence, it is in India's interest to ensure that there are minimum barriers to trade in DDS.

e. India's Evolving Approach in FTAs and Digital Trade Negotiations Show a Shift From its Defensive Position

Many countries are now including trade rules in digital trade and e-commerce in their bilateral trade agreements/free trade agreements (FTAs), and India is no exception. India has signed agreements such as the India-UAE Comprehensive Economic Partnership Agreement (CEPA),⁹ India-UK Comprehensive Economic and Trade Agreement (CETA)¹⁰ and India- EU FTA 2026,¹¹ which have a chapter on digital trade, with India progressively showing greater commitment to trade rules on e-commerce. However, it may be noted that in all these agreements, there is no commitment on imposing a moratorium on

None of India's FTAs with key export markets includes moratorium on customs duty and, thereby, securing our IT/ITeS and DDS exports from imposition of custom duties by partner countries.

⁷ Source: <https://www.oecd.org/en/topics/sub-issues/vat-policy-and-administration/vat-digital-toolkits.html> (last accessed on June 8, 2026)

⁸ Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2202046®=3&lang=2> and <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219981®=1&lang=1> (last accessed on 28 May 2026)

⁹ The India-UAE Comprehensive Economic Partnership Agreement (CEPA) was signed on February 18, 2022, and effective from May 1, 2022. Accessed on https://www.moet.gov.ae/en/cepa_india (9 May 2026)

¹⁰ The India-UK: <https://assets.publishing.service.gov.uk/media/687f763b77a3acd9f4d0e1e1/uk-india-ceta-chapter-12-digital-trade.pdf> (last accessed on 9 May 2026)

¹¹ Source: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en#section8 (last accessed on 9 May 2026)

custom duties on either side, which is present in many trade agreements like the Digital Economic Agreement (DEA) between Australia and Singapore (entered into force on December 08, 2020)¹² and the Japan-US Digital Trade Agreement (signed on October 7, 2019 that entered into force on January 1, 2020).¹³

As India negotiates a growing number of FTAs incorporating regulatory provisions for digital trade and lower tariff commitments for digital products, custom duties are likely to fall lower and thus, can no longer be a source of revenue. India has also on its own reduced basic customs duties on a range of digital products to zero, indicating that such duties are not a major source of fiscal revenue or trade policy leverage (Banerjee et al., 2024).

Taken together, these developments appear to have contributed to a gradual shift in India's approach towards the moratorium debate, from viewing the issue primarily through the lens of revenue foregone and policy space concerns to increasingly considering the broader implications for India's export interests and competitiveness in the global digital economy. As India deepens its integration into digital global value chains and emerges as a major exporter of DDS, the continuation of the moratorium may increasingly align with the country's larger trade and economic interests.

1.3 Run up to the MC14 and Beyond

Given that there was a sun set clause for the expiry of WPEC in MC 13, on March 17, 2026, just days before the MC14 began, Brazil submitted a formal proposal (WT/MIN(26)/W/17) to create a permanent Committee on Digital Trade under the General Council (WTO, 2026e). This move was intended to institutionalise the work of the WPEC and provide a stable, multilateral forum to address the digital divide and emerging technologies like AI, effectively attempting to decouple broader e-commerce discussions from the contentious, single-issue cycle of moratorium renewals as was the case in the WPEC (WTO, 2026e; Maciel et al., 2026).

On March 28, 2026, even before the MC14 concluded, a group of 66 WTO members representing 70 per cent of global trade agreed to bring a plurilateral Agreement on Electronic Commerce into effect through interim arrangements (WTO, 2026c). This JSI-led group, which includes major traders like the EU and the USA, intended to implement the agreement domestically to provide certainty for businesses and consumers (WTO, 2026a, 2026c). However, the General Council (GC) was unable to reach a consensus on that request, just like on the moratorium on custom duties on e-commerce.

At MC14 (26–30 March 2026) held in Yaoundé, Cameroon, consensus could not be reached amongst members on the extension of the moratorium (permanent or temporarily for a given period) and as no formal decision was adopted to extend it, the multilateral moratorium

¹² The DEA amends the Singapore-Australia Free Trade Agreement (signed on June 29, 2015) to replace the existing Electronic Commerce chapter with a new Digital Economy chapter. For more details refer to <https://www.dfat.gov.au/trade/services-and-digital-trade/australia-and-singapore-digital-economy-agreement> (last accessed June 05, 2023).

¹³ For more details refer to https://www.mofa.go.jp/na/na2/page24e_000261.html (last accessed 5 May 2026).

officially lapsed on March 31, 2026, together with the WPEC.¹⁴ During MC14, nearly 80 ministers engaged in intense negotiations facilitated by Senator Kamina Johnson Smith (WTO, 2026a). However, the ministerial ended in a deadlock because of the lack of agreement between Brazil and the USA, primarily on other unrelated issues like agriculture, which made it difficult for both sides to agree on any issue. While the USA initially pressed for a permanent moratorium, opposition from a large group of members led to a compromise proposal to extend the practice until December 31, 2030 (Kanth, 2026; WTO, 2026a).

While Brazil had originally sought a two year extension on the moratorium, after the proposal by the USA, Brazil counter proposed a four-year extension, with a review clause halfway through, but that was not supported by member nations.¹⁵ Brazil and Türkiye also wanted to exchange the extension of the moratorium for promises that agriculture issues would be given greater prominence in future talks,¹⁶ which led to the failure in reaching a consensus. While India agreed to extending the moratorium until 2030, underlining a major shift in its previous positioning, becoming much more aligned to the priorities of its industry stakeholders like NASSCOM, its position was conditional on the e-commerce moratorium being co-terminus and in alignment with the TRIPS moratorium on non-violations complaint (NVC).¹⁷

Thus, as different conditions and contentions to the extension of the moratorium came from member countries, the Chairperson of MC 14, Mr. Luc Magloire Mbarga Atangana, Minister of Trade, Cameroon, reported that the membership ultimately "ran out of time" to bridge final divergences between proponents of a shorter extension (such as a four-year extension suggested by Brazil) and those seeking the longer 2030 timeline (such as the USA) (WTO, 2026a). Consequently, the multilateral moratorium officially lapsed on March 31, 2026 (Kanth, 2026).

At the MC14 in March 2026, Singapore along with Australia and Japan, secured a pathway towards implementing the ECA for 66 WTO members covering around 70 per cent of global trade. Some WTO members are continuing to work towards incorporating the ECA into the broader WTO legal framework and align the ECA provisions with domestic reforms.¹⁸ India's own domestic framework and commitments in the recent trade agreements with the UK and the EU are aligned with the ECA (for domestic framework see Banerjee et al., 2024). The ECA members expects it to be enforced by mid-2027 and have started the process of ratification. It is expected to enter into force after 45 members have accepted it and is open to all WTO members to join at any time.¹⁹ The E-Commerce Agreement prohibits the imposition of customs duties on electronic transmissions *between a person of one party and a person of*

¹⁴ Source: https://www.wto.org/english/tratop_e/ecom_e/ecom_work_programme_e.htm (last accessed on 27 May 2026)

¹⁵ Source: <https://www.reuters.com/world/india/wto-talks-stalled-going-into-final-day-amid-us-india-e-commerce-deadlock-2026-03-29/> (last accessed on 24 May 2026)

¹⁶ Source: <https://twn.my/title2/wto.info/2026/ti260402.htm> (last accessed on 27 May 2026)

¹⁷ Source: https://www.business-standard.com/economy/news/wto-mc14-ends-without-declaration-e-commerce-moratorium-to-lapse-126033000991_1.html?utm (last accessed on 10 May 2026)

¹⁸ [WTO E-Commerce Agreement \(ECA\) | Ministry of Trade and Industry](#) (last accessed on 21 June 2026).

¹⁹ [WTO E-Commerce Agreement \(ECA\) | Ministry of Trade and Industry](#) and [\(2026-06-19\) WTO members are working to bring an E-Commerce agreement into force by mid-2027 | Omnitrans](#) (last accessed on 21 June 2026).

another party. Many of its provisions on paperless trade are aligned with the UN Cross-border Paperless Trade Agreement (CPTA) and India's commitments in trade agreements on paperless trade (see Mukherjee et al, June 2026). Thus, it provides some certainty to businesses. It is important to understand that while no WTO member has explicitly rejected the principle of the moratorium during the MC14, the lapse may be viewed as a failure of timing and consensus-building rather than a rejection of the practice. This is because, the post-MC14 period immediately saw a swift move towards fragmentation as, on April 1, 2026, a separate group of 23 countries, including the USA, UK, Japan, and Singapore, issued a Joint Statement (WT/GC/283) expressing disappointment at the MC14 failure (WTO, 2026b).

These countries committed to maintaining the practice of not imposing customs duties on electronic transmissions among themselves as a "temporary, plurilateral measure of support" until the next General Council meeting (WTO, 2026b; Kanth, 2026).

Box 1.3.: Excerpts from the notification WTO/GC/286/Rev. 2

"Beginning on 8 May 2026, we, the co-sponsors of this communication, will continue to not impose customs duties on electronic transmissions among ourselves.

We encourage all WTO Members who seek the benefits of trading under these stable conditions to join this commitment at any time with the aim of eventually securing a multilateral commitment, building upon that which had been consistently agreed upon by all Members since 1998."

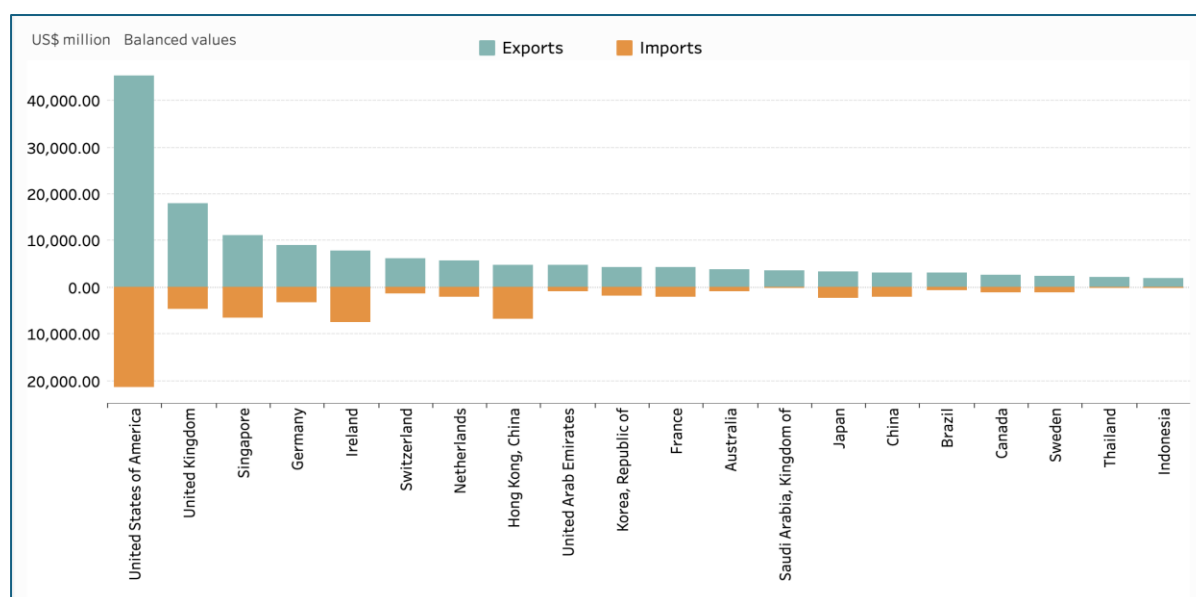
Source: WTO/GC/286/Rev. 2, available at <https://www.ey.gov.tw/File/39B751B091F2B1D7?A=C> (last accessed on 27 May 2026)

Later, on May 7, 2026, a group of 19 countries, led by the USA, issued another statement (WT/GC/286) expressing their disappointment about the lapse of the multilateral moratorium. These nations reiterated their commitment to maintaining digital trade certainty and expressed the hope that more WTO members would join this practice in the future (WTO, 2026d) (see Box 1.3). Notably, while Switzerland and the UK were not the original sponsors of this, they later joined on May 12, 2026 (WTO/GC/286/Rev. 2).²⁰

This development implies that the participating countries would continue to provide duty-free treatment to electronic transmissions among themselves, while countries outside the arrangement, including India, may potentially face disadvantages. This is particularly relevant as the USA, the UK, Singapore and Switzerland are some of the largest export destinations for India's DDS, where the trade balance is on India's side (as shown in Figure 1.4).

²⁰ Source: <https://www.ey.gov.tw/File/39B751B091F2B1D7?A=C> (last accessed on 27 May 2026)

Figure 1.4: India's Top 20 Partners for DDS in 2024 (Values in USD million)



Source: Extracted from WTO-OECD BaTiS (last accessed at <https://stats.wto.org> on 27 May 2026)

1.4 Way Forward for India

India needs to internally discuss the proposal by Brazil of having a platform within the WTO framework to discuss e-commerce related issues. To address the widening digital divide and provide institutional continuity to discussions on digital trade, Brazil had already proposed the creation of a permanent Committee on Digital Trade within the WTO. Although the proposal predates MC14, it gains greater significance following the collapse of the WPEC. The proposed committee sought to institutionalise the work of the WPEC and provide a multilateral, consensus-based platform for dialogue on emerging issues such as AI, digital industrialisation, and the developmental concerns of developing and least developed countries (LDCs), even in the event of the WPEC lapsing. A possible option would be for India to consult some key trading partners, including the EU, USA and Brazil, on a possible package that includes a 4-year extension of the moratorium and the setting up of a Permanent Committee on digital trade.

A permanent committee could provide the sustained effort needed to resolve fundamental disagreements that have stalled for decades, including the following:

- **Definition and Scope:** There is still no universal consensus among WTO members on what "electronic transmissions" encompass, as the distinction between digital goods and services continues to blur.
- **Classification of New Technologies:** Discussions need to address how to categorise emerging disruptions like 3D printing, specifically whether they should be considered a digitally delivered good or a technical professional service.

- **Taxation Principles:** A structured forum is needed to move beyond the customs moratorium and arrive at common principles for the future taxation of the digital economy, both at and behind the border.

The proposal aligns closely with India's long-standing preference for multilateral and consensus-based approaches within the WTO framework rather than plurilateral arrangements. As a major exporter of DDS, India stands to gain from a stable, transparent and predictable global digital trade architecture. Remaining actively engaged in multilateral digital trade discussions may serve India's long-term interests better than remaining outside it. Active participation in such a committee would also allow India to shape global digital trade rules in a manner consistent with its evolving domestic regulatory framework. It would further provide India with an opportunity to ensure that development concerns remain central to future digital trade governance, particularly with respect to technology transfer, digital infrastructure gaps and the participation of MSMEs and developing economies in global digital markets. As highlighted by the Indian delegation at MC14, international co-operation should include facilitating the transfer of digital technologies to developing countries and LDCs, and establishing mechanisms to match their identified digital infrastructure and technology needs with available resources and support.

At the same time, India's position on the WTO e-commerce moratorium may require reassessment in light of structural changes in global trade and India's own evolving trade profile. While the moratorium reduces tariff policy flexibility at the multilateral level, the practical policy space available to India may narrow over time as the country negotiates a growing number of FTAs incorporating digital trade provisions and lower tariff commitments. In the backdrop of India liberalising and its key markets like the USA becoming protectionist, it further becomes important for it to secure these markets through the moratorium. In this content, India could also evaluate the costs and benefits of joining the ECA that is likely to become the main forum for the development of rules on digital trade, but more industry interactions and stakeholders' consultations are needed to firm up India's position.

As India's digital economy expands and its DDS exports become increasingly competitive, securing the gains from predictable and frictionless digital trade flows has become a key policy objective. India's stance on the moratorium was never primarily about revenue; rather, it was about ensuring the country avoids making binding commitments without a full understanding of what constitutes electronic transmissions or digital trade. Given the rapid evolution of technology, alongside shifting business and production processes, this caution is entirely justified.

Therefore, supporting a rules-based and development-oriented structure within the WTO framework is fully aligned with India's strategic interests as a leading digital economy and exporter of digitally delivered services. Furthermore, India should work closely with like-minded countries to reinvigorate the digital trade agenda in the WTO. The uncertainty caused by the lapse of the temporary moratorium provides an opportunity to ensure that these debates are not one-sided or disproportionately dominated by the interests of a few countries or firms.

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