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EDITORIAL ANALYSIS

After MC14: India's WTO Strategy Between Multilateralism and Protectionism



31 March 2026

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 Business Standard

31 March 2026

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INTERVIEW ANGLE

"India blocked both the e-commerce moratorium renewal and the Investment Facilitation deal at MC14. Does this make India a responsible developing nation voice or an obstacle to trade liberalisation?"

WHY IN NEWS

WTO's 14th Ministerial Conference concluded at Yaoundé, Cameroon, without renewing the e-commerce moratorium or adopting the Investment Facilitation for Development agreement. India and South Africa led the blocking effort, arguing that both instruments impinge on developing nations' policy space. The "Yaoundé Package" produced only partial progress on fisheries and LDC support.

INDIA'S MC14 POSITION — A COHERENT STRATEGY

India's positions at MC14 were not reactive; they reflect a consistent, multi-year strategy to preserve domestic policy space in the digital economy and industrial development. Opposing the e-commerce moratorium makes economic sense: India foregoes customs revenue on digital imports while US and European platforms gain duty-free access to Indian consumers. Opposing the IFD makes legal sense: investment rules have no textual basis in WTO founding agreements.

The same logic drove India's resistance at MC13 (Abu Dhabi, 2024). India is not merely obstructing — it is articulating a developing-nation position that separates trade (WTO's mandate) from investment (traditionally handled through bilateral investment treaties or UNCTAD).

THE E-COMMERCE QUESTION

The lapsing of the moratorium creates ambiguity. India's Equalisation Levy — applied to digital advertising revenues of foreign companies — was always in tension with the moratorium's spirit. Now that the moratorium has lapsed, India theoretically has greater freedom to structure digital taxation. But the practical reality is

different: any new Indian digital tax regime will face immediate **bilateral** pressure from the USA (which challenged the Equalisation Levy as discriminatory) and risk complicating the ongoing India-US bilateral trade negotiations.

The deeper question is whether India's digital companies — Zomato, Flipkart, Paytm, Infosys, TCS — gain or lose from a duty-free digital trade environment. India's IT services sector exports ~\$250 billion annually and benefits from open digital trade globally. India simultaneously imports digital products and exports digital services — its trade policy must navigate this duality, which is more complex than the 'protect domestic industry' framing suggests.

THE APPELLATE BODY VACUUM

MC14's failure to address the WTO Appellate Body crisis is the most consequential long-term problem. Without a functional appeals mechanism, WTO dispute rulings are effectively unenforceable — winners cannot compel compliance. For India, which has won several WTO cases (solar panel disputes with the USA, sugar subsidies defence), a functional dispute settlement system is important. India's decision not to join MPIA (the interim appeal arrangement) is consistent with its position that the Appellate Body must be restored — but it leaves India without an appeal forum in the interim.

WHAT INDIA SHOULD PUSH FOR

India's constructive engagement with WTO requires moving beyond blocking to proposing. A credible Indian agenda would include: (1) Special and Differential Treatment (S&DT) protections that are permanent and automatically applicable, not subject to case-by-case waiver; (2) A development-first digital trade framework that allows countries to tax digital products while preserving services exports; (3) Appellate Body reform with clear timelines for appointing judges.

The alternative — a WTO progressively hollowed out by US-China bilateral deals and mega-regional agreements (RCEP, CPTPP) — serves India poorly. India is not a member of CPTPP or RCEP; its primary recourse for trade rules is the **multilateral** system. Weakening the WTO means India competes in a world of power-based bargaining, where it is outgunned by China and the USA.

UPSC RELEVANCE

WTO MC14 venue; e-commerce moratorium (1998–2026); IFD agreement; WTO DG; Equalisation Levy; MPIA; RCEP; CPTPP.

MAINS GS-2 (IR):

India's engagement with multilateral institutions — WTO, UNFCCC, UN system.

MAINS GS-3:

India's trade policy — balance between protectionism and liberalisation; Special and Differential Treatment.

ESSAY:

“Free trade in the digital age cannot be equated with free trade in goods — the rules need a fundamental rethink.”

★ FACTS CORNER — KNOWLEDGEPEDIA

WTO MC14:

Venue: Yaoundé, Cameroon

DG: Ngozi Okonjo-Iweala

E-commerce moratorium: lapsed (established 1998 at MC2 Geneva)

IFD: Blocked by India + South Africa

INDIA'S DIGITAL TRADE POSITION:

Equalisation Levy: 6% on digital advertising (Finance Act 2016)

IT/ITeS services exports: ~\$250 billion/year

India NOT a member of MPIA or RCEP or CPTPP

WTO DISPUTE SETTLEMENT:

Appellate Body: Non-functional since December 2019 (USA blocked appointments)

MPIA: Multi-Party Interim Appeal Arbitration Arrangement (~50 members); India not a member

OTHER RELEVANT FACTS:

GATT 1947 → WTO January 1, 1995

WTO total members: 164

Special and Differential Treatment (S&DT): Principle allowing developing nations more flexibility under WTO rules

RCEP: Regional Comprehensive Economic Partnership — India chose not to join (2020)

Sources: [WTO](#), [Ministry of Commerce](#), [Business Standard](#)

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