G-20 Summit 2019 - Osaka Track on Digital Economy

Why in news?

India, South Africa, and Indonesia have boycotted the “Osaka Track" on the “digital economy" at the G20 leaders’ summit in Osaka, Japan.

What is the Osaka Track?

- The Osaka Track relates to finalizing international rules for trade-related aspects of electronic commerce at the WTO.
- It aims at drafting rules on data flows, removal of prohibitions on data localization, and cloud computing among others.
- In regards with this, along with the U.S, the EU, Australia, and Singapore among others, Japan pushed hard for plurilateral negotiations.
- [A plurilateral agreement takes place with more than two, but not very many, countries.]
- In the G 20 summit, Japan sought approval of the “Osaka Track".
- It thus attempted to legitimize the informal plurilateral negotiations on digital trade among 50 countries (the EU representing 28 countries is taken as one).
- Much of the proposed plurilateral rules on digital trade are based on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPATPP).

Why was it boycotted?

- A plurilateral agreement would undermine the core WTO principles for arriving at multilateral consensus-based decisions.
- There is a fear that pluilaretal treaties would deny the “policy space" for digital-industrialization of some countries.
- So India, South Africa, Indonesia and a large majority of developing countries chose not to sign the declaration on Osaka Track.
- They insist on multilateral negotiating process based on arriving at decisions by consensus.
- They have thus consistently demanded that negotiations on e-commerce/digital trade must be conducted based on the 1998 work programme of WTO.
- But significantly, WTO director General Roberto Azevedo, chose to support

the Osaka Track at the launch ceremony.
- He is the custodian of the multilateral trade body established under the Marrakesh Agreement of 1994.

What are the other inclusive proposals?

- The G20 leaders made a declaration on “Innovation: Digitization, Data Free Flow with Trust".
- This is a compromise text in which India and South Africa had managed to put their demands.
- It calls for achieving an inclusive, sustainable, safe, trustworthy and innovative society through digitalization and promoting the application of emerging technologies.
- In this, domestic laws will be respected along with international laws.
- This gives policy space to India, which is pushing for data localisation and does not want to commit to an international framework right now.
- The G20 leaders also reaffirmed the importance of the 1998 Work Program on electronic commerce at the WTO.
- The leaders also affirmed their support for the necessary reform of the World Trade Organization (WTO) to improve its functions.

Source: Livemint

Quick Facts

1998 Work Program on e-commerce - WTO

- It was initiated at the Second Ministerial Conference of WTO in May 1998.
- Ministers adopted the Declaration on Global Electronic Commerce, recognizing that global electronic commerce was growing and creating new trade opportunities.
- This called for the establishment of a work programme on e-commerce, which was finally adopted in September 1998.
- Four WTO bodies were charged with the responsibility of carrying out the Work Programme:
    1. the Council for Trade in Services
    2. the Council for Trade in Goods
    3. the Council for TRIPS
    4. the Committee on Trade and Development
- Periodic reviews of the programme are conducted by the General Council based on reports from the WTO bodies responsible for implementing the programme.

Related News: Osaka Declaration, G-20 Summit 2019 - Bilateral Meets

