

# 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.

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