

Breaking the Anti-Globalization Deadlock: How E-Commerce Negotiations Drive the Reshaping of WTO Multilateral Cooperation

Wen Xiao¹

¹ Postgraduate, UNSW Law & Justice, Australia

Correspondence: Wen Xiao, Postgraduate, UNSW Law & Justice, Australia.

doi:10.56397/LE.2024.10.08

Abstract

Amid rising anti-globalization sentiment, the global trading system faces increasing fragmentation and weakened multilateral cooperation. The World Trade Organization (WTO)'s e-commerce negotiations offer a crucial pathway to address these challenges by establishing digital trade rules and fostering market integration and inclusive development. This paper examines key breakthroughs in the e-commerce negotiations, including progress in data flow governance, tariff policies, and the regulation of emerging technologies, highlighting their role in reshaping multilateral cooperation. Drawing on regional agreements and international collaboration, the study proposes strategies for harmonizing data governance, implementing flexible tariff mechanisms, and improving dispute settlement systems. The findings demonstrate that e-commerce negotiations are a vital tool for the WTO to reform the multilateral cooperation framework, tackle pressing global challenges, and promote re-globalization.

Keywords: WTO e-commerce negotiations, re-globalization, digital trade, multilateral cooperation, data flow

1. Introduction

In recent years, globalization has encountered unprecedented challenges. Geopolitical conflicts, the prolonged impact of the COVID-19 pandemic, and the rise of trade protectionism have disrupted global supply chains and exacerbated the fragmentation of national markets. In response, major economies like the United States and the European Union have adopted localization and unilateral policies, accelerating the regionalization of the global trading system. This anti-globalization trend has not only weakened the coordination achieved through multilateral cooperation but has also posed serious challenges to the global trade framework centered on the World Trade Organization (WTO).

Despite these setbacks, the international demand for globalization has not diminished. Emerging fields, such as e-commerce, offer new pathways to promote re-globalization. E-commerce has become a crucial tool for reshaping global markets by transcending national borders, enhancing market transparency, and reducing trade costs. The WTO's e-commerce negotiations emerged within this context, seeking to establish harmonized rules for digital trade, strengthen the resilience of multilateral cooperation, and expand opportunities for developing countries and small and medium-sized enterprises (SMEs) to integrate into the global economy. The recent conclusion of a stable text for the Electronic Commerce Agreement (ECA) marks a major breakthrough in global digital trade and underscores the significance of multilateral cooperation in addressing the challenges of anti-globalization.

This study examines how WTO e-commerce negotiations contribute to reshaping multilateral cooperation amidst anti-globalization pressures. First, it analyzes the fragmentation of international trade and the limitations of regional integration, exploring how WTO e-commerce negotiations can revitalize multilateral collaboration in response to geopolitical challenges. Second, it provides a detailed review of the negotiations' history and

outcomes, illustrating their potential to foster market integration and inclusive development. Finally, the study outlines practical strategies, based on current negotiation practices, to deepen the multilateral cooperation system and advance the process of re-globalization.

2. The Rise of “Anti-Globalization” Trend in WTO and the Dilemma of Multilateral Cooperation System

Under the combined influence of geopolitical conflicts, the COVID-19 pandemic, and downward pressure on the global economy, countries have increasingly turned toward protectionist and regionalization policies. These shifts have exacerbated the fragmentation of the global market and weakened the multilateral cooperation framework of the WTO. To restore stability and coherence in global trade, the WTO urgently needs to inject fresh momentum into multilateral cooperation through new mechanisms, such as e-commerce negotiations.

2.1 The 2008 International Financial Crisis and the Rise of “Reverse Globalization”

The 2008 global financial crisis not only disrupted the global financial system but also triggered significant shifts in national economic policies. Recovery from the crisis was slow, unemployment rates remained persistently high, and governments began focusing on domestic policies to stabilize their economies, leading to a gradual shift away from globalization.

In response, major economies such as the United States and Germany adopted strategies aimed at bolstering their manufacturing sectors. The United States implemented a “re-industrialization” strategy, encouraging manufacturers to return to domestic production by offering tax incentives and imposing higher tariffs to reduce dependency on foreign markets. These measures temporarily boosted employment but also weakened international trade cooperation by encouraging isolationist economic policies.¹ Similarly, Germany advanced its “Industry 4.0” initiative, focusing on high-tech manufacturing through automation, robotics, and AI to improve competitiveness.² Although these efforts enhanced Germany’s manufacturing edge, they also promoted a shift towards economic regionalization, reducing reliance on global supply chains and complicating cross-border trade.

The financial crisis also fueled public discontent with globalization. Many citizens blamed globalization for job losses and stagnant wages, giving rise to populist movements across various countries. Governments responded to domestic pressures by adopting protectionist and localization-focused policies, such as restricting foreign trade and increasing support for domestic industries. These populist movements not only promoted national economic priorities over global cooperation but also intensified anti-globalization sentiments.³

2.2 Exclusive Regional Free Trade Agreements and the Weakening of the WTO System

As multilateral negotiations within the WTO have progressed slowly, many countries have shifted their focus toward regional trade agreements (RTAs) to achieve faster market access. However, the exclusivity and diversity of these agreements have introduced further fragmentation into global trade governance, weakening the WTO’s multilateral cooperation framework. For instance, the Trans-Pacific Partnership (TPP), the Regional Comprehensive Economic Partnership (RCEP), and the Digital Economy Partnership Agreement (DEPA) have achieved success within their respective regions. However, these agreements operate under different regulatory frameworks and are exclusive to their members, limiting the participation of non-member countries. This lack of harmonization among regional agreements places additional compliance burdens on multinational corporations (MNCs), forcing them to navigate varying rules across different markets. As a result, operational costs increase, and the coherence of global supply chains deteriorates.

In addition, the WTO’s *World Trade Report 2023* highlights that geopolitical tensions have exacerbated trade fragmentation, as nations align themselves into distinct political blocs.⁴ Data from UNCTAD further reveal that, following the outbreak of the Russia-Ukraine conflict, the growth rate of trade between political blocs was 4-6% lower than the trade growth within individual blocs. This trend toward regional blocs not only deepens market fragmentation but also threatens the stability of global markets.⁵

2.3 Trade Sanctions, COVID-19 Pandemic, and Supply Chain Restructuring Exacerbate Anti-Globalization

¹ Stephen Miran, (2024). Brittle Versus Robust Reindustrialization. Manhattan Institute. <https://media4.manhattan-institute.org/wp-content/uploads/brittle-versus-robust-reindustrialization.pdf>.

² Dejan Ilic, Branko Markovic and Dragan Milosevic, (2017). Strategic Business Transformation: An Industry 4.0 Perspective. *International Journal of Economics and Law*, 7(20), 49.

³ Dani Rodrik, (2017). Populism and the Economics of Globalization. Working Paper No 23559, National Bureau of Economic Research, June 2017, revised July 2017. <https://doi.org/10.3386/w23559>.

⁴ World Trade Organization, (2023). *World Trade Report 2023*. p. 38 https://www.wto.org/english/res_e/booksp_e/wtr23_e.pdf.

⁵ United Nations Conference on Trade and Development, (2023). Economic Trends and Trade Fragmentation, Global Report.

In recent years, the overlapping impacts of unilateral trade sanctions and the COVID-19 pandemic have further fragmented global markets, intensifying the trend of anti-globalization. To safeguard domestic industries and supply chains, many countries have adopted localization strategies and initiated supply chain restructuring policies, which pose significant challenges to the global trade network.

In the case of the United States, data from the Global Trade Alert (GTA) show that the U.S. introduced more than 1,200 trade protection measures between 2009 and 2017, accounting for 15.4% of the global total (7,833 measures). The frequency of such actions increased during Donald Trump's presidency, with 65 new measures introduced in the first half of 2017 alone.¹ Additionally, the U.S. government has imposed tariffs on goods from countries such as China and implemented technological embargoes to restrict foreign firms' market access. While these unilateral sanctions have temporarily strengthened domestic industries, they have also undermined the openness of global trade and diminished the coherence of international markets.

The COVID-19 pandemic further exposed vulnerabilities in global supply chains, prompting many countries to prioritize the localization of key industries.² Disruptions in logistics networks during the pandemic led to a shift in trade policies, with countries increasingly focusing on self-sufficiency to reduce their reliance on foreign suppliers. This trend has accelerated the process of reverse globalization, deepening market fragmentation.

According to the *World Trade Report 2023*, the share of global trade impacted by trade sanctions has risen steadily since 1996, reaching a historical peak of 13% in 2022. This data highlights the growing prevalence of unilateralism and trade protectionist policies, presenting new challenges to the stability of global markets.³

2.4 Dilemmas and the Need for Reshaping the WTO Multilateral Cooperation System

The rise of anti-globalization and increasing protectionism has posed significant challenges to the WTO's multilateral cooperation framework. The paralysis of the Appellate Body has substantially undermined the WTO's capacity to enforce trade rules effectively, leading to diminished trust among member states in its dispute settlement mechanism. As a result, countries have increasingly adopted unilateral measures to address trade disputes, further weakening the trust necessary to sustain multilateral cooperation. To restore credibility and relevance, it is essential for the WTO to reform its governance and cooperation systems to address the new realities of global trade.⁴

Additionally, the WTO's existing regulatory framework is increasingly inadequate to address the demands of the digital economy, particularly in areas such as cross-border data flows, e-commerce, and digital trade. As technological transformation continues to reshape the global economic landscape, the absence of a comprehensive WTO framework for digital trade has compelled many countries to turn to regional agreements to address these emerging challenges.

However, global challenges such as climate change, cybersecurity, and supply chain resilience exceed the capacity of regional agreements, underscoring the need for an effective multilateral coordination mechanism. Despite the current trade environment's difficulties, the WTO has reaffirmed in its *World Trade Report 2023* that re-globalization offers a critical path to overcoming these challenges.⁵

Re-globalization emphasizes the importance of enhancing market coherence and stability by lowering trade barriers, promoting economic diversification, and fostering international cooperation. This strategy not only mitigates economic risks but also reduces international tensions, facilitating sustainable development through technological progress and poverty alleviation. According to UNCTAD data, the share of global exports from low- and middle-income countries increased from 19% in 1981 to 29% in 2021. Simultaneously, the proportion of people living on less than \$2.15 per day fell from 55% to 10% during the same period. These achievements highlight the crucial role of multilateral cooperation and market integration in fostering inclusive development.⁶

3. Opportunities and Challenges of WTO E-Commerce Negotiations in the Context of "Anti-Globalization"

¹ Global Trade Alert, (2017). Global Dynamics in Trade Protectionism: The Role of the United States, 2009-2017. Global Trade Alert. <https://data.globaltradealert.org/>

² World Trade Organization, (2021). Global Services Trade Recovering but Below Pre-pandemic Levels, WTO Barometer Indicates. https://www.wto.org/english/news_e/news21_e/wtoi_23sep21_e.pdf.

³ World Trade Organization, (2023). *World Trade Report 2023*. p. 45. https://www.wto.org/english/res_e/booksp_e/wtr23_e.pdf.

⁴ Ming Yan and Hong Liu, (2024). The Impact of Digital Trade Barriers on Technological Innovation Efficiency and Sustainable Development. *Sustainability*, 16(12) 5169.

⁵ World Trade Organization, (2023). *World Trade Report 2023*. p. 3. https://www.wto.org/english/res_e/booksp_e/wtr23_e.pdf.

⁶ UNCTAD, (2021). Development and Globalization: Facts and Figures 2021. Report. <https://dgff2021.unctad.org>.

Against the backdrop of a global economy affected by multiple challenges such as geopolitical conflicts and new crown epidemics, national policies have increasingly shifted towards localization and regionalization, and global trade has shown signs of fragmentation and divergence. However, the WTO e-commerce negotiations provide an important opportunity to revitalize multilateral cooperation and promote market coherence and inclusive development. Through this negotiation, countries not only hope to establish harmonized rules for digital trade, but also expect to reshape the framework for international cooperation. In this section, we will discuss the history of the negotiations, opportunities and challenges from three perspectives.

3.1 The History and Latest Achievements of the WTO E-Commerce Negotiations

The evolution of the WTO e-commerce negotiations reflects the organization's effort to adapt its multilateral trade system to the demands of the digital economy. Despite significant differences among member states and challenges in advancing cooperation, these negotiations have paved the way for future multilateral collaboration.

1) 1998: The Emergence of E-Commerce Issues

Discussions on e-commerce within the WTO began in 1998 with the adoption of the Declaration on Global Electronic Commerce, which introduced a temporary moratorium on tariffs for electronic transmissions. However, progress stagnated over the following years due to disagreements among members regarding issues such as data privacy, cybersecurity, and market access.¹

2) 2017: Launch of the Joint Statement on Electronic Commerce Initiative

With the rapid development of global digital trade, members recognized that the existing multilateral trading framework needed to be updated to address digital challenges. At the 2017 Buenos Aires Ministerial Conference, 71 countries, including China, the EU, and the United States, launched the Joint Statement Initiative on E-Commerce (JSI), marking a new phase in WTO negotiations and reinforcing the importance of global cooperation.²

3) 2019-2023: Expanding Membership and Deepening Negotiations

Spurred by the Davos Forum and internal WTO dialogues, the e-commerce negotiations expanded rapidly, with 91 member countries participating by 2023, accounting for more than 90% of global trade. The broad involvement highlights the growing consensus on the need for harmonized digital trade rules.³

4) 2024: A “Stable Text” for the E-Commerce Agreement

Following years of dialogue and compromise, the WTO achieved a breakthrough on July 26, 2024, with the adoption of a stable text for the E-Commerce Agreement. This agreement introduces key provisions, including the permanent moratorium on tariffs for electronic transmissions, frameworks for secure cross-border data flows, and guidelines for paperless trade. These rules offer businesses clarity and predictability, fostering market confidence and revitalizing multilateral cooperation.⁴

3.2 Opportunities for WTO E-Commerce Negotiations in the Context of “Reverse Globalization”

While the WTO's e-commerce negotiations have achieved significant progress, their value extends beyond establishing trade rules. These negotiations reflect efforts to restart global cooperation and promote inclusive development amid rising anti-globalization sentiment and trade fragmentation. In this context, e-commerce negotiations inject new momentum into the multilateral cooperation system. They have not only facilitated the rapid growth of digital trade but also broadened the participation of small and medium-sized enterprises (SMEs) and developing countries. Additionally, the convergence between e-commerce negotiations and green economic goals opens new pathways toward sustainable development, signaling promising prospects for deeper cooperation in the future.

1) The Growth of the Digital Economy and the Need for Market Integration

As global digital trade grows rapidly, the demand for harmonized market rules becomes increasingly urgent. The *World Trade Report 2023* indicates that digital services trade reached \$6.8 trillion in 2022, reflecting a 15% year-on-year increase.⁵ The WTO's e-commerce negotiations lay the foundation for re-globalization by facilitating paperless transactions and the mutual recognition of electronic signatures. These initiatives

¹ World Trade Organization, (1998). Declaration on Global Electronic Commerce, WT/MIN(98)/DEC/2. <https://docs.wto.org>.

² World Trade Organization, (2017). Joint Statement on Electronic Commerce Initiative, WT/L/1032. <https://docs.wto.org>.

³ World Trade Organization, (2023). Report on Progress of E-commerce Negotiations, WT/GC/W/812. <https://docs.wto.org>.

⁴ World Trade Organization, (2024). WTO Members Finalize Stable Text on E-commerce Agreement, WT/MIN(24)/ECOM/2. <https://docs.wto.org>.

⁵ World Trade Organization, (2023). *World Trade Report 2023*. p. 56. https://www.wto.org/english/res_e/booksp_e/wtr23_e.pdf.

help reduce compliance costs and improve market transparency, fostering greater efficiency in global trade.¹

2) **Opportunities for Inclusive Development and the Participation of Developing Countries**

A key feature of the WTO e-commerce negotiations is their focus on inclusiveness, particularly through the active involvement of developing countries and SMEs. The design of these negotiations provides these groups with enhanced access to international markets. With technical assistance and capacity-building initiatives, developing countries can integrate more seamlessly into the global digital economy. For instance, cross-border e-commerce platforms have significantly lowered the barriers to market entry, enabling SMEs to overcome traditional trade restrictions. These inclusive measures not only bridge the global digital divide but also allow developing countries to participate meaningfully in the international trading system.²

3) **Driving Force for Green Transformation and Sustainable Development**

The WTO e-commerce negotiations also create synergies between digital trade and the green economy, offering new opportunities for sustainable development. As global value chains undergo transformation, countries increasingly import green technologies, such as wind turbines, fostering trade in environmental goods.³ These developments demonstrate the potential of the digital economy to advance the green transition, underscoring the e-commerce agreement's relevance in achieving sustainability goals.

4) **Strengthening International Support and Multilateral Cooperation**

The 2022 G20 Bali Summit reaffirmed the importance of the WTO-centered multilateral trading system and emphasized the need for closer cooperation in areas such as e-commerce. This endorsement has bolstered political trust and increased the feasibility of multilateral cooperation, providing essential support for the successful implementation of the negotiation outcomes.⁴

3.3 *Challenges to the WTO E-commerce Negotiations in the Context of "Reverse Globalization"*

Despite the substantial progress achieved through e-commerce negotiations, significant challenges persist. Divergent national positions on data flows, tariff policies, and the regulation of emerging technologies present formidable obstacles to smooth negotiations. These disparities delay consensus and threaten the stability and effectiveness of future multilateral cooperation. To unlock the full potential of e-commerce negotiations in fostering coherent and inclusive global markets, participating countries must find common ground on these key issues.⁵

1) **Conflict between Data Flows and Data Sovereignty**

Data governance remains a central challenge in e-commerce negotiations. The U.S. promotes the free flow of data to stimulate digital trade and innovation, while the European Union prioritizes data privacy and security. In contrast, China emphasizes data sovereignty, advocating for data localization policies to safeguard national security. These differing priorities have slowed progress in regulating cross-border data flows, underscoring the need for a negotiated balance between market openness and sovereignty protection. A compromise is essential to align these divergent interests and prevent fragmentation in global digital governance.

2) **Dynamic Adjustment of Duty-Free Policies and Developing Countries' Concerns**

While the permanence of duty-free electronic transmissions provides stability and predictability to markets, many developing countries fear that this policy may erode their fiscal revenues and increase dependency on transnational digital services. To address these concerns, the WTO must introduce a dynamic policy adjustment mechanism. This framework would allow for periodic assessments of duty-free transmissions, adjusting policies based on market conditions. Additionally, technical assistance and financial support must

¹ World Trade Organization, (2023). *World Trade Report 2023*. p. 68. https://www.wto.org/english/res_e/booksp_e/wtr23_e.pdf.

² Howse, R. and Langille, J. (2023). Continuity and Change in the World Trade Organization: Pluralism Past, Present, and Future. *American Journal of International Law*, 117(1), pp. 1-47. doi:10.1017/ajil.2022.82.

³ Addison, R. et al., (2024). Towards the green transition: Stimulating investment and accelerating permits for low emissions infrastructure. *OECD Working Papers on Public Governance*, No. 68, OECD Publishing, Paris. <https://doi.org/10.1787/fc97f64e-en>.

⁴ G20, Bali Leaders' Declaration, (2022, November 16). <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/16/g20-bali-leaders-declaration/>.

⁵ World Trade Report, (2023). 2023: Re-Globalization for a Secure, Inclusive and Sustainable Future. World Trade Organization 2023. https://www.wto.org/english/res_e/publications_e/wtr23_e.htm.

be provided to developing countries to mitigate the negative impacts and foster equitable integration into the digital economy.

3) **Challenges of Regulatory and Rule Updates for Emerging Technologies**

Emerging technologies, including artificial intelligence and blockchain, are evolving rapidly, presenting new regulatory challenges. To keep pace, the WTO must continuously update its e-commerce agreements to ensure effective governance. However, discrepancies in national priorities complicate the process of rule-making. For example, some countries prioritize innovation and openness, while others emphasize consumer protection and cybersecurity. Achieving regulatory alignment requires collaborative efforts to develop flexible frameworks that accommodate technological advancements without compromising regulatory objectives or creating new barriers to trade.

4) **Lack of Dispute Settlement Mechanism and Erosion of Trust in Cooperation**

The current WTO dispute settlement mechanism is insufficient to address the complexities of digital trade disputes. Some members prefer to resolve these conflicts through regional agreements, undermining the multilateral framework. This trend weakens trust in the WTO's ability to manage trade disputes effectively and creates uncertainty around future cooperation. Establishing a specialized, flexible dispute settlement mechanism for e-commerce is essential to ensuring the smooth implementation of agreements. A robust mechanism would enhance trust among member states, providing a reliable avenue for resolving conflicts and reinforcing the WTO's role in digital trade governance.

4. Realization Path of WTO E-Commerce Negotiations in the Context of "Reverse Globalization"

Against the backdrop of the challenges of anti-globalization and the obstruction of multilateral cooperation, the WTO e-commerce negotiations need to draw fully on the successful experience of international cooperation and combine it with the practices of developing countries and regional agreements to propose more systematic and inclusive solutions. These paths not only involve adjustments in data governance and tariff policies, but also cover the regulation of emerging technologies and the improvement of dispute settlement mechanisms to ensure the stability and sustainability of negotiation outcomes. This section explores in detail the specific paths to promote the effective implementation of e-commerce negotiations.

4.1 *Balancing Data Governance: Promoting the Coordinated Development of Cross-border Data Flow and Sovereignty Protection*

Data governance is a core issue in e-commerce negotiations, with significant differences among countries regarding the free flow of data and the protection of data sovereignty. The U.S. champions the free flow of data to promote cross-border digital trade, while the EU emphasizes privacy protection through stringent data regulations, such as the General Data Protection Regulation (GDPR). Meanwhile, China advocates for data localization to ensure national security and control over critical information infrastructure. These differing perspectives make it crucial to strike a balance between market openness, privacy rights, and national sovereignty. Achieving such a balance is essential for the success of WTO e-commerce negotiations.¹

4.1.1 Development of Cross-Border Data Sharing Agreements

To foster trust and facilitate international data flows, the WTO can refer to the practice of regional agreements like the Regional Comprehensive Economic Partnership (RCEP). A cross-border data sharing agreement would encourage transparent and secure data exchanges between member states. Such an agreement should include well-defined exception clauses, allowing countries to adopt data localization measures when national security is involved. This approach aims to strike a balance between the need for open markets and the preservation of national sovereignty.

4.1.2 Construction of an International Data Governance Coordination Platform

Building on the mechanisms developed under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the WTO can promote the establishment of an international data governance coordination platform. This platform would facilitate regulatory harmonization by encouraging the exchange of information between countries, reducing legal conflicts, and enabling rapid responses to data breaches and cybersecurity threats. It could also provide a forum for collaborative discussions on emerging data governance challenges, thereby fostering trust among member states and enhancing cooperation in the digital economy.²

¹ Farrokhnia, Farrokh, and Cameron Richards, (2016). E-Commerce Products Under the World Trade Organization Agreements: Goods, Services, Both or Neither?. *Journal of World Trade*, 50(5), 793, 817. <https://doi.org/10.54648/trad2016032>.

² Department of Foreign Affairs and Trade (Cth), (2022). Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). <https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>.

4.2 *Dynamic Tariff Policies and Inclusive Support: Ensuring Policy Flexibility and Fairness*

While the permanence of tariff-free electronic transmissions offers markets stable expectations, it raises concerns among developing countries. These nations worry that the policy might reduce their fiscal revenues and heighten reliance on transnational digital services, limiting their economic autonomy. Therefore, the WTO must implement a flexible policy adjustment mechanism to maintain fairness, adapt to evolving market conditions, and ensure the policy's long-term sustainability.

4.2.1 Establish a Five-Year Dynamic Assessment Mechanism

Drawing on the flexibilities enshrined in the **Agreement on Trade Facilitation (TFA)**, the WTO should establish a five-year dynamic assessment mechanism. This mechanism would allow for regular evaluations of the impact of tariff-free policies, taking into account evolving market conditions and the needs of member states. By periodically adjusting these policies, the WTO can maintain adaptability, foster trust among members, and strengthen cooperation.¹

4.2.2 Establishment of a Global Digital Development Fund

To alleviate the financial pressures developing countries face from the tariff-free policy, the WTO could advocate for the creation of a **Global Digital Development Fund**. Drawing inspiration from the World Bank's aid fund model, this fund would finance the development of digital infrastructure and the enhancement of technological capabilities in developing countries. Its goal would be to help these countries better integrate into the global digital economy, thereby fostering long-term, sustainable growth and reducing economic dependency on foreign digital services.

4.3 *Regulation and Innovation of Emerging Technologies: Promoting Flexible Cooperation and Standard-Setting*

The rapid advancement of emerging technologies, such as artificial intelligence (AI) and blockchain, presents significant regulatory challenges to the global market. To keep pace with these innovations, the WTO must adopt regulatory frameworks that encourage technological development while minimizing market fragmentation. Drawing from the successful experience of regional agreements such as the Digital Economy Partnership Agreement (DEPA), the WTO can promote the integrated growth of technology regulation and innovation.²

4.3.1 Promote Modularized Cooperation Model

The WTO should adopt a modularized cooperation model, allowing countries ready to collaborate in the field of emerging technologies to take the lead. This model encourages the development of new technologies by giving pioneer countries the opportunity to experiment and gain experience, setting examples that other nations can follow. Such an approach facilitates technological adoption and market innovation by leveraging the strengths of early adopters, thereby expanding the global reach of new technologies.

4.3.2 Establishment of Regulatory Committees for New Technologies

To address the complexities posed by rapid technological evolution, the WTO should establish specialized regulatory committees for emerging technologies. These committees would focus on studying global trends, developing international standards, and ensuring regulatory alignment across member states. In addition, the committees would dynamically update regulations to reflect advancements in technology, thereby avoiding inconsistencies that could lead to market fragmentation or trade barriers. Through this proactive approach, the WTO can foster an environment that supports both innovation and fair market practices.

4.4 *Strengthening the Dispute Settlement Mechanism: Ensuring the Stability of Cooperation in the Field of E-Commerce*

The effectiveness of the dispute settlement mechanism is a cornerstone for the successful implementation of e-commerce agreements. However, the existing WTO dispute resolution framework has limitations when applied to the complexities of digital trade, which involves cross-border data flows, cybersecurity concerns, and differing national regulations on privacy and technology. The absence of targeted mechanisms to resolve digital trade disputes undermines confidence in the e-commerce framework and risks disrupting the broader multilateral trade system. Therefore, enhancing the dispute settlement mechanism is imperative to ensure both timely and credible enforcement of agreements.

4.4.1 Establishment of a Specialized Mediation Mechanism for E-Commerce

¹ Department of Foreign Affairs and Trade (Cth), (2017). Trade Facilitation Agreement. <https://www.dfat.gov.au/trade/organisations/wto/tfa/trade-facilitation-agreement>.

² Allan G Revote, (2022). The Past and Future of Electronic Commerce Agreements: A Practical Approach to the International E-Commerce Negotiating Framework, Inspired by Chilean Treaty Practice. *Ateneo Law Journal*, 66(3), 883.

Adopting practices from the CPTPP, the WTO should develop a specialized mediation mechanism for e-commerce to resolve conflicts through informal channels before they escalate to formal disputes. This approach will accelerate dispute resolution, minimize friction among member states, and provide a more cooperative environment conducive to trade. The CPTPP's framework for mediation has proven effective in addressing issues at early stages, thus ensuring smoother trade relations among members. Tailoring this model for e-commerce will foster confidence in the digital trade regime and maintain market stability during disputes.¹

4.4.2 Establishment of an Interim Appellate Arbitration Mechanism

Given the challenges in reforming the WTO Appellate Body, an interim arbitration mechanism modeled on regional agreements should be introduced to handle digital trade disputes. This interim mechanism can ensure continuity in dispute resolution, offering fast and effective arbitration to prevent disruptions in trade flows. Establishing such a mechanism would demonstrate the WTO's commitment to resolving digital disputes proactively, thereby building trust among member states. Regional experiences have shown that credible interim mechanisms foster cooperation, and the same can apply to digital trade under the WTO framework.²

4.5 Deepening Green Economy Cooperation: Integrating Sustainable Development and Multilateral Cooperation

The WTO's e-commerce negotiations not only promote the growth of the digital economy but also create new opportunities to support the green economic transition. This synergy between digital trade and environmental sustainability highlights the potential for technology to facilitate green transformation through efficient data management, carbon accounting, and the development of environmentally friendly technologies. Future cooperation should align trade liberalization with sustainable development principles, helping countries transition towards cleaner economies while promoting economic inclusion. This will require deeper institutional cooperation and innovative approaches that reflect the multilateral ethos of the WTO.³

4.5.1 Promote the Green Supply Chain Cooperation Framework

The WTO should encourage member countries to cooperate in developing green supply chains, where environmentally sustainable practices are integrated into every stage of production. Establishing international standards for environmentally friendly products would incentivize companies to adopt green technologies and align their practices with sustainable goals. These efforts would also enhance the competitiveness of eco-friendly goods on the global market. Collaboration on green supply chains can mitigate environmental degradation while fostering new trade opportunities, especially for countries investing in renewable technologies.

4.5.2 Expansion of Modularized Multilateral Cooperation

Inspired by the success of the Green Economy Cooperation Framework, the WTO can introduce a modularized cooperation model to support sustainable development across sectors such as digital infrastructure and green energy. This flexible model allows willing countries to pioneer sustainable trade initiatives while gradually incorporating other members. Expanding modular cooperation encourages policy innovation and reduces resistance by enabling countries to join at their own pace. By increasing participation, the WTO can promote the integration of environmental standards into global trade, facilitating the transition to a more sustainable international economy.

5. Conclusion

The success of the WTO e-commerce negotiations in the context of counter-globalization offers new momentum to the multilateral trading system and presents a significant opportunity to rebuild the global market. Amid fragmented supply chains, increased regionalization, and the adoption of unilateral policies by major economies, these negotiations lay the groundwork for integrated and inclusive development in the international market through the establishment of harmonized digital trade rules. Key outcomes, such as the permanence of duty-free electronic transmissions, standardized mechanisms for cross-border data flows, and inclusive frameworks for technical assistance and capacity-building, underscore the potential of multilateral cooperation to address pressing global challenges.

However, the progress of e-commerce negotiations is not without obstacles. Countries diverge on fundamental issues such as balancing data sovereignty with free flow, managing the regulatory complexities posed by

¹ Department of Foreign Affairs and Trade (Cth), (2022). Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). <https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>.

² Zhang Yuejiao, (2022). The WTO Dispute Settlement Mechanism and Its Reform. *Journal of WTO and China*, 12(3), 15.

³ Robert Basedow, (2018). The WTO and the Rise of Plurilateralism — What Lessons Can We Learn from the European Union's Experience with Differentiated Integration?. *Journal of International Economic Law*, 21(2), 411, 431. <https://doi.org/10.1093/jiel/jgy020>.

emerging technologies, and aligning interests within the green economy transition. These challenges not only affect the pace of negotiations but also influence the effectiveness of future multilateral cooperation. To maintain the sustainability and inclusiveness of e-commerce agreements, the WTO must adopt dynamic policy adjustments, strengthen international cooperation platforms, and promote modularized cooperation models that allow flexible engagement across members.

Looking ahead, the WTO should leverage the success of the e-commerce negotiations by expanding into new areas such as the green economy and artificial intelligence, ensuring that multilateral cooperation evolves in the digital era. This strategic expansion will not only bolster the resilience of the global trading system but also equip countries to address challenges such as climate change, cybersecurity, and rapid technological advancements. The continuous development of e-commerce frameworks will enable the WTO to reshape the multilateral system, facilitating re-globalization and injecting fresh impetus into sustainable economic development worldwide.

In conclusion, the significance of WTO e-commerce negotiations in overcoming the anti-globalization dilemma cannot be overstated. They exemplify how the international community can respond to complex global challenges through cooperation. The negotiations further offer a blueprint for countries to renew multilateral collaboration based on mutual benefit and shared responsibility. As the implementation and expansion of these agreements proceed, the WTO is poised to solidify its leadership in global governance, advancing the vision of a more inclusive, open, and sustainable international trading system.

References

- Addison, R. et al., (2024). Towards the green transition: Stimulating investment and accelerating permits for low emissions infrastructure. *OECD Working Papers on Public Governance*, No. 68, OECD Publishing, Paris. <https://doi.org/10.1787/fc97f64e-en>.
- Allan G Revote, (2022). The Past and Future of Electronic Commerce Agreements: A Practical Approach to the International E-Commerce Negotiating Framework, Inspired by Chilean Treaty Practice. *Ateneo Law Journal*, 66(3), 883.
- Dani Rodrik, (2017). Populism and the Economics of Globalization. Working Paper No 23559, National Bureau of Economic Research, June 2017, revised July 2017. <https://doi.org/10.3386/w23559>.
- Dejan Ilic, Branko Markovic and Dragan Milosevic, (2017). Strategic Business Transformation: An Industry 4.0 Perspective. *International Journal of Economics and Law*, 7(20), 49.
- Department of Foreign Affairs and Trade (Cth), (2017). Trade Facilitation Agreement. <https://www.dfat.gov.au/trade/organisations/wto/tfa/trade-facilitation-agreement>.
- Department of Foreign Affairs and Trade (Cth), (2022). Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). <https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>.
- Farrokhnia, Farrokh, and Cameron Richards, (2016). E-Commerce Products Under the World Trade Organization Agreements: Goods, Services, Both or Neither?. *Journal of World Trade*, 50(5), 793, 817. <https://doi.org/10.54648/trad2016032>.
- G20, *Bali Leaders' Declaration*, (2022, November 16). <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/16/g20-bali-leaders-declaration/>.
- Global Trade Alert, (2017). Global Dynamics in Trade Protectionism: The Role of the United States, 2009-2017. Global Trade Alert. <https://data.globaltradealert.org/>
- Howse, R. and Langille, J. (2023). Continuity and Change in the World Trade Organization: Pluralism Past, Present, and Future. *American Journal of International Law*, 117(1), pp. 1-47. doi:10.1017/ajil.2022.82.
- Ming Yan and Hong Liu, (2024). The Impact of Digital Trade Barriers on Technological Innovation Efficiency and Sustainable Development, *Sustainability*, 16(12), 5169.
- Robert Basedow, (2018). The WTO and the Rise of Plurilateralism — What Lessons Can We Learn from the European Union's Experience with Differentiated Integration?. *Journal of International Economic Law*, 21(2), 411, 431. <https://doi.org/10.1093/jiel/jgy020>.
- Stephen Miran, (2024). Brittle Versus Robust Reindustrialization. Manhattan Institute. <https://media4.manhattan-institute.org/wp-content/uploads/brittle-versus-robust-reindustrialization.pdf>.
- UNCTAD, (2021). Development and Globalization: Facts and Figures 2021. Report. <https://dgff2021.unctad.org>.
- United Nations Conference on Trade and Development, (2023). Economic Trends and Trade Fragmentation,

Global Report.

- World Trade Organization, (1998). Declaration on Global Electronic Commerce, WT/MIN(98)/DEC/2. <https://docs.wto.org>.
- World Trade Organization, (2017). Joint Statement on Electronic Commerce Initiative, WT/L/1032. <https://docs.wto.org>.
- World Trade Organization, (2021). Global Services Trade Recovering but Below Pre-pandemic Levels, WTO Barometer Indicates. https://www.wto.org/english/news_e/news21_e/wtoi_23sep21_e.pdf.
- World Trade Organization, (2023). Report on Progress of E-commerce Negotiations, WT/GC/W/812. <https://docs.wto.org>.
- World Trade Organization, (2023). *World Trade Report 2023*. p. 56 https://www.wto.org/english/res_e/booksp_e/wtr23_e.pdf.
- World Trade Organization, (2024). WTO Members Finalize Stable Text on E-commerce Agreement, WT/MIN(24)/ECOM/2. <https://docs.wto.org>.
- World Trade Report, (2023). 2023: Re-Globalization for a Secure, Inclusive and Sustainable Future. World Trade Organization 2023. https://www.wto.org/english/res_e/publications_e/wtr23_e.htm.
- Zhang Yuejiao, (2022). The WTO Dispute Settlement Mechanism and Its Reform. *Journal of WTO and China*, 12(3), 15.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).