

Global Association Letter Reflects Massive Support for Extension of E-Commerce Moratorium at MC-13

Brussels (30 January 2024) – A global association statement released today by 170 associations from around the globe reflects a massive support for maintaining the WTO moratorium than is banning customs duties on e-commerce, recognising its vital importance to digital trade (see attached). The list of signatories includes associations from India, South Africa, Brazil, Indonesia, Thailand, the Philippines, and many other countries.

The global association statement reflects widespread private sector agreement that gaining extension of the WTO e-commerce moratorium at MC13 is an absolute imperative. More importantly, it is a must-have for SMEs and developing countries, as there is now abundant research showing how the moratorium has served to integrate SMEs from around the world into global supply chains. By improving access to digital services, studies show that the moratorium on duties has helped small firms in countries such as India, Indonesia, Nigeria, Pakistan, South Africa and Thailand expand payrolls and enhance productivity. Digital services have also facilitated the entrance of women into the formal economy in developing countries, allowing them to reach new customers and sell online more easily.

Economists at the OECD, WTO, World Bank and elsewhere have documented the economic and social welfare risks if the moratorium were allowed to lapse. Research indicates that the costs would outweigh by far the benefits if governments were to begin imposing tariffs on digitally delivered services. Such a move would raise the cost of digital imports, reduce access to valuable inputs used by domestic firms as well as the general public, and could provoke retaliatory duties.

Studies have also documented that the use of a GST or VAT is a far more effective revenue-raising vehicle than tariffs, while avoiding the increased costs and risks associated with tariffs on electronic transmissions.

Ahead of the WTO's 13th trade ministerial, we urge all WTO Members' governments to act to extend the moratorium, a key component of global trade architecture that has played such an invaluable role in promoting the growth of digital trade for nearly three decades.