

WTO Workshop on the Moratorium on Customs Duties on Electronic Transmissions

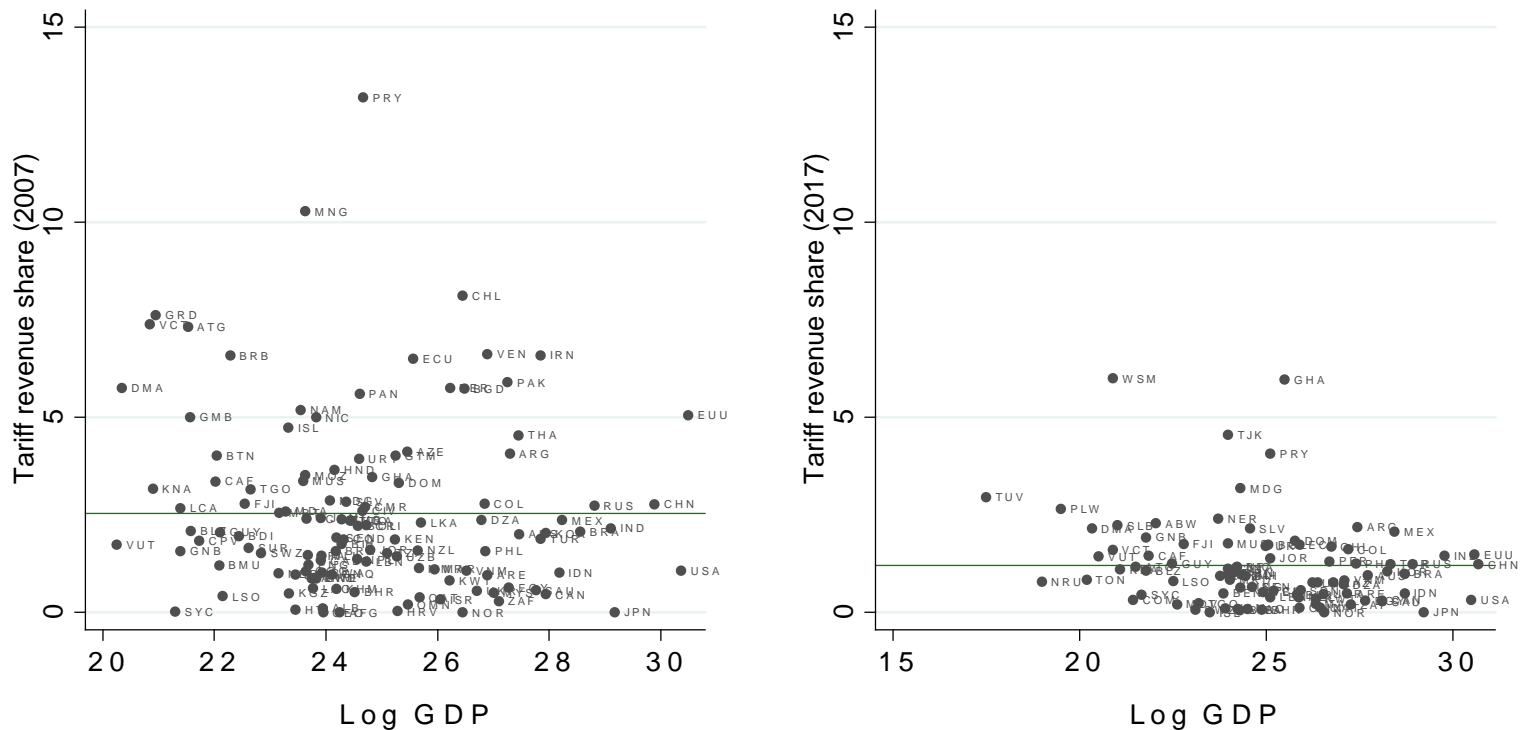
Ingo Borchert

University of Sussex and UKTPO

WTO, Geneva, 29 April 2019

Revenue Share of Digitisable Goods

Revenue shares of potentially digitisable products
in all industrial products, 2007 and 2017



Source: WITS – TRAINS Database and World Development Indicators, April 2019, own calculations.

Overview tariff revenue

Comparison potentially digitisable products with industrial goods, 2017

➤ Even the maximum amounts potentially at risk are ‘small’

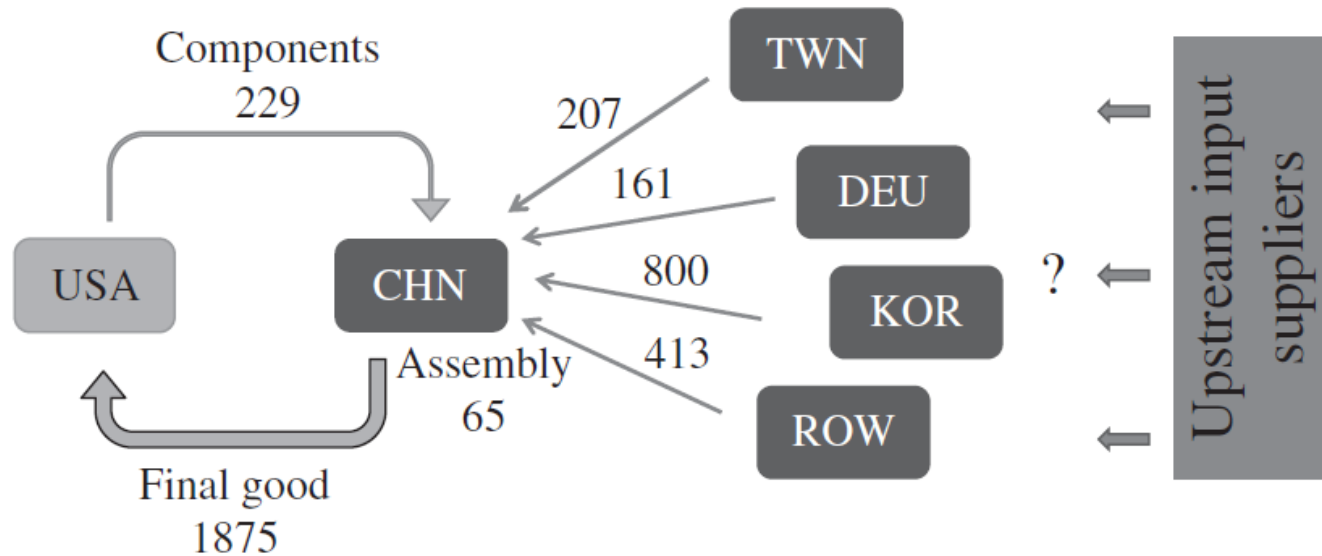
Continent	Median tariff rate (%) digitisable products	Total revenue digitisable products	Total revenue industrial products	Median revenue share digitisable products
Africa	8.75	112	11,759	0.61
America	6.53	534	58,610	1.61
Asia	1.28	1,016	93,719	0.76
Europe	1.27	431	30,272	0.66
Pacific	6.52	23	2,369	1.43
Total	2.81	2,117	196,730	0.94

Source: WITS – TRAINS Database, April 2019, own calculations.

Notes: Tariff revenue in millions of USD. Potentially digitisable products include imports of HS chapters 37xx, 49xx, 8519, 8521, 8522, 8523, 8525, 8527, 9504.

Importing for Exporting

“I2E” / Production fragmentation: trade in iPhone parts

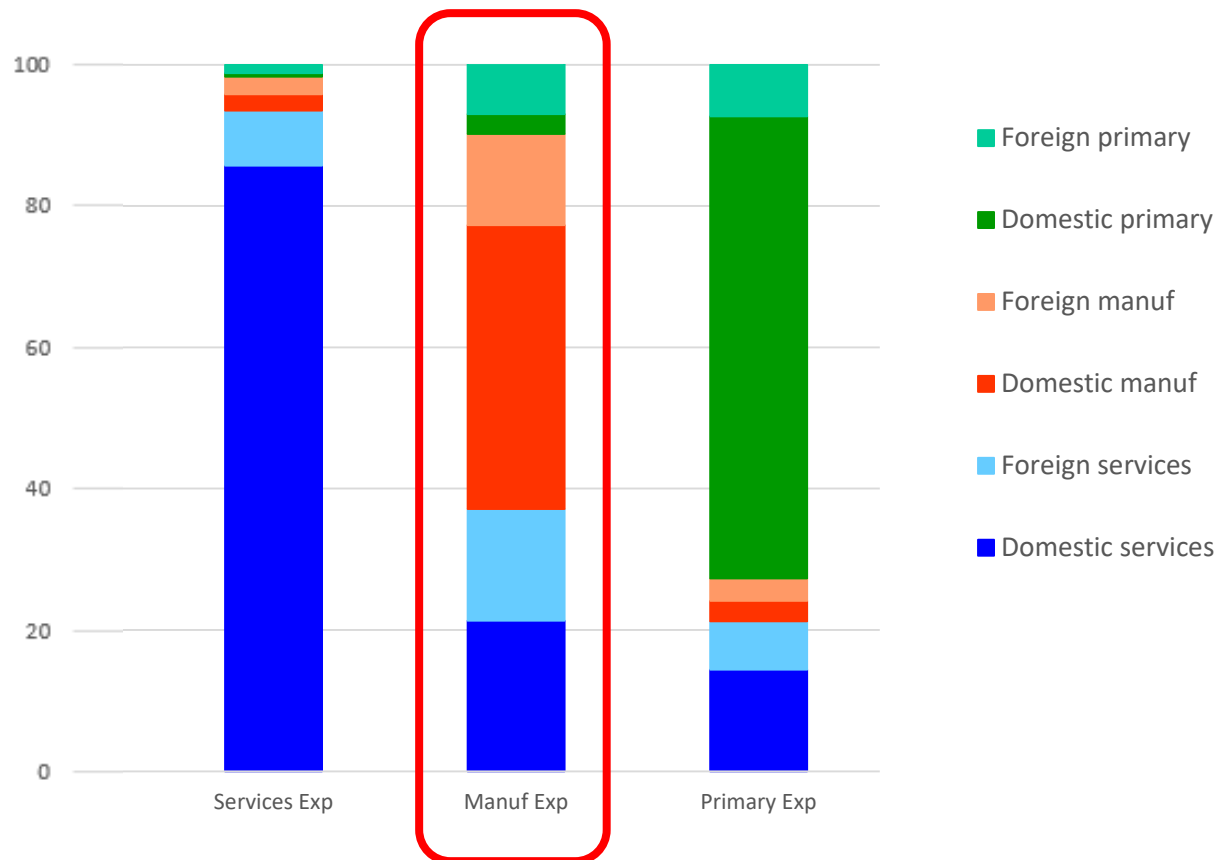


Source: Miroudot and Namano (2013) Fig.2.1

Importing for Exporting

“I2E”: Manufacturing exports rely on imports and on (digital) services

UK data,
value added
shares, 2011



Source: Borchert, “The curious absence of services trade”, UKTPO blog Dec 2017; OECD/WTO TiVA Database

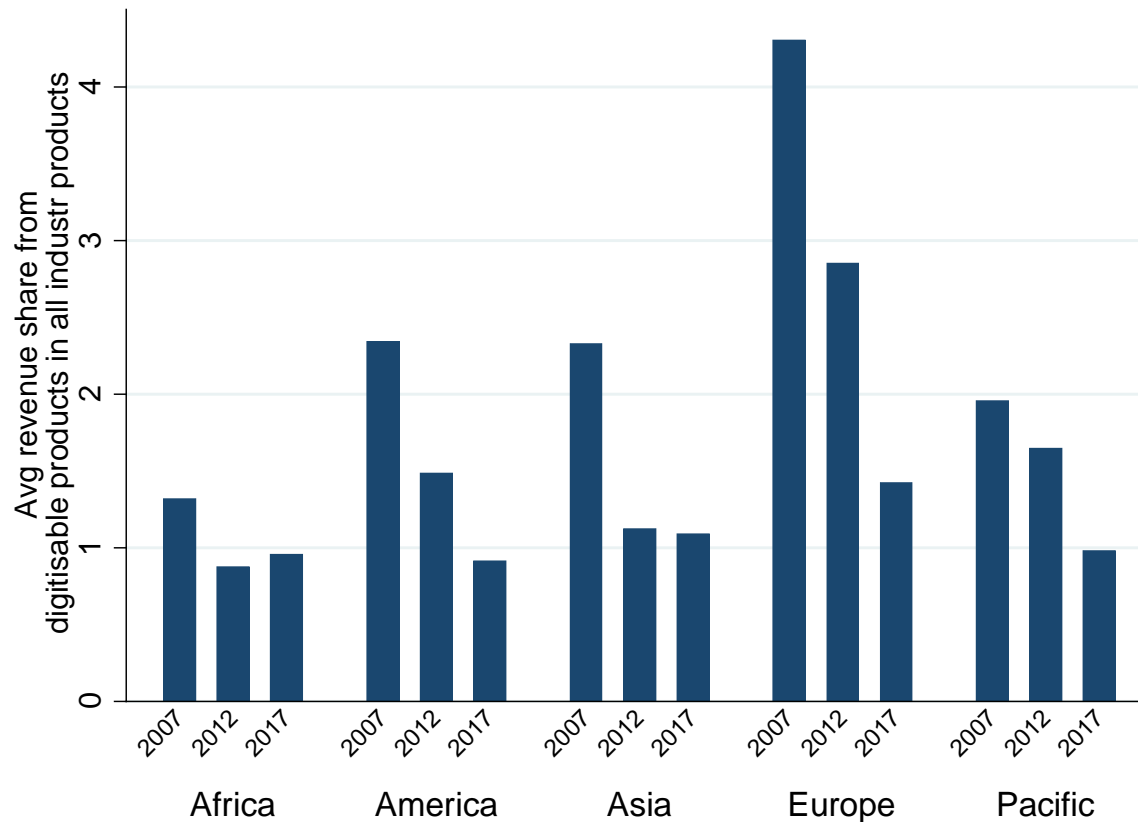
Some Remarks

Aspects of digitisation as they relate to customs revenue

- ▶ Technological change manifests independently from moratorium
 - ❑ Software input into car manufacturing
 - ❑ Revenue currently collected from potentially digitisable products is small
 - ❑ Challenge of gauging the wider effect of additive manufacturing techniques:
Note that 3D printing is low fixed cost/high variable cost technology
- ▶ Offsetting benefits to the partial loss of tariff revenue
 - ❑ Online transactions facilitate market transactions
 - ❑ Enhancing consumer welfare and manufacturing competitiveness
 - ❑ Reaping these benefits may require digital infrastructure
- ▶ Other ramifications of digitisation require consideration too,
e.g. link between trade and inward FDI

Revenue Share of Digitisable Goods

Revenue shares of potentially digitisable products, 2007-17



Source: WITS – TRAINS Database, April 2019, own calculations.