WTO Workshop on the Moratorium on Customs Duties on Electronic Transmissions

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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.
Comparison potentially digitisable products with industrial goods, 2017

Even the maximum amounts potentially at risk are ‘small’

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

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

“12E” / Production fragmentation: trade in iPhone parts

Source: Miroudot and Namano (2013) Fig.2.1
“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.