Global Report on the

Benefits of a Permanent WTO Moratorium on Customs Duties on Electronic Transmissions and WTO Work Programme on Electronic Commerce

The World Trade Organization (WTO)'s Moratorium on Customs Duties on Electronic Transmissions ("Moratorium") has been renewed at every ministerial since it was put in place in 1998. This Report urges WTO Members to support a standing WTO commitment not to impose duties on electronic transmissions.

By making it easier to transfer digital content and supply digital services across borders, the Moratorium has facilitated knowledge sharing and access to new market opportunities, including for **Micro, Small, and Medium-Sized Enterprises** (MSMEs). The Moratorium ensures the regulatory predictability essential for long-term digital investment, innovation, and cross-border integration. It supports the competitiveness of economically integrated regions, allowing for seamless digital flows that enhance efficiency and innovation across borders.

Electronic transmissions also act as critical enablers of modern supply chains, including manufacturing, services, and cross-border production networks. The expanded digital trade associated with the Moratorium has helped governments diversify their economies, contributing to broader economic growth and a stronger tax base.

Multiple studies have concluded that the Moratorium yields net economic benefits for developing as well as developed countries, with the Organisation for Economic Co-operation and Development (OECD) predicting that ending the Moratorium "would hit low-income country trade the most." Similar findings on the value of the Moratorium have been documented in reports from the United Nations Conference on Trade and Development (UNCTAD) and the WTO, the World Bank and the International Monetary Fund (IMF), as well as by researchers in India and Indonesia, among others.

Since 2024, over 200 civil society and industry organizations from across Africa, Asia, the Americas, Europe, the Middle East, and Oceania have called on the WTO membership to support the Moratorium—the continuation of which also enables continuation of the Work Programme on Electronic Commerce.

Sincerely,

ACT | The App Association

AdvaMed

Almega, The Employers' Association for the Swedish Service Sector

American Council of Life Insurers (ACLI)

Asia Tech Alliance

Asociación Mexicana de la Industria de Tecnologías de la Información (AMITI)

Associação Brasileira das Empresas de Software (ABES)

Associação Brasileira de Plataformas de Streaming (STRIMA)

Associação das Empresas Brasileiras de Tecnologia da Informação (ASSESPRO)

Association for Information Technology and Communications of Romania (ATIC)

Association of American Publishers (AAP)

Australian Information Industry Association (AIIA)

Australian Services Roundtable (ASR)

BusinessEurope

BusinessNZ

Business Software Alliance (BSA)

Cámara de la Industria Argentina del Software (CESSI)

Coalition of Services Industries

Computer & Communications Industry Association (CCIA)

Confederation of Swedish Enterprise

Consumer Technology Association (CTA)

DIGITALEUROPE

Digital Prosperity Asia

DIHK - German Chamber of Commerce and Industry

Emerging Payments Asia

Engine

EuroChambres

European Australian Business Council (EABC)

European Services Forum (ESF)

Federation of Korean Information Industries (FKII)

Global Data Alliance

Global Innovation Forum

Independent Film & Television Alliance

The India Bangladesh Chamber of Commerce and Industry, Guwahati

Information Technology Industry Council (ITIC)

Initiative for a Digital Africa (IDA)

Interactive Games & Entertainment Association

International Chamber of Commerce (ICC)

Irish Business & Employers Confederation (IBEC)

Japan Electronics and Information Technology Industries Association (JEITA)

Japan Information Technology Services Industry Association (JISA)

Japan Machinery Center for Trade and Investment (JMC)

Japan Services Network (JSN)

Malaysian Services Providers Confederation

Mecomed – the Middle East and Africa Medical Devices and Diagnostics Trade Association

Middleburg Chamber of Commerce and Industry (South Africa)

Motion Picture Association (MPA)

National Foreign Trade Council (NFTC)

Philippines ASEAN Business Council

Philippines Chamber of Commerce and Industry

Organisation for Trade Development and Standards Cooperation (ODCCN)

Retail Industry Leaders Association (RILA)

Saint Lucia Coalition of Services Industries Inc.

Semiconductor Industry Association (SIA)

Semiconductor and Electronics Industries in the Philippines Foundation (SEIPI)

The Semiconductor Industry Association in Japan

Singapore Business Federation

Small Business & Entrepreneurship Council

Taiwan Innovative Software and Services Association (TISSA)

Taiwan Semiconductor Industry Association (TSIA)

Tech New Zealand

Technology Trade Regulation Alliance (TTRA)

TechUK

TEK Norge

Television Association of Programmers Latin America (TAPS)

TheCityUK

Trinidad and Tobago Chamber of Industry and Commerce

U.S. Chamber of Commerce

United States Council for International Business (USCIB)

Video Games Europe

Benefits of a Permanent WTO Moratorium on Customs Duties on Electronic Transmissions and WTO Work Programme on Electronic Commerce

The information that follows summarizes takeaways from recent studies on the WTO Moratorium on Customs Duties on Electronic Transmissions ("Moratorium"). A growing body of research has highlighted the value of traded digital services for developed and developing economies alike. Such research underscores the value of a permanent WTO Moratorium and WTO Work Programme on Electronic Commerce.

Digital services boost growth and diversification in developing economies. Services are of value to all economies, including developing economies.

The share of global commercial services exports held by developing economies jumped from 24 percent to 34 percent between 2005 and 2022, according to a 2023 joint report by the WTO and World Bank, *Trade in Services for Development*. Export growth in Information and Communications Technology (ICT), finance, and other services has offered a meaningful path to diversification for developing economies.

Digitally delivered services, which now account for 54 percent of global services exports, are growing much faster than either goods or conventional services, according to a 2023 joint report issued by the IMF, OECD, UNCTAD, and WTO, *Digital Trade for Development*. "Customs duties on electronic transmissions would likely negatively affect those who can benefit the most from digital delivery or from the use of digital tools to trade, namely MSMEs and women-owned traders," the report says.

FOCUS ON INDIA

India Benefits Greatly From the Moratorium. India Is Also Uniquely Vulnerable to its Expiration.

"India has experienced a digital boom at an impressive scale … that has ushered in corresponding economic benefits for the economy and people…"

+400%	60%	50%	50%
Growth in India's share of global digital exports (1995 to 2015)	Share of all Indian services exports that are digital (2021)	Indian MSME Share of all Indian exports (2021)	Approximate share of India's digital exports bound for the United States

"The question for India is not "if " but "how" and "by how much" its growth engine—the MSME sector—can take advantage of the potential benefits of cross-border digital transmissions."

A collapse of the WTO Moratorium could significantly undermine these potential benefits.

Source: The Impact of Cross-Border Digital Transmissions on the MSME Sector in India and the Benefits of the WTO E-Commerce Moratorium (igpp.in)

> “When countries consider whether to extend the Moratorium, it is important to consider not only foregone revenue related to tariffs, but also to undertake a broader cost/benefit analysis of the impacts across the economy and alternative revenue sources. Overall, the revenue implications of lifting the Moratorium are likely to be relatively small and would come at the expense of more significant gains in consumer welfare and export competitiveness.”
>
> Source: Andrenelli and Gonzalez, *Electronic transmissions and international trade - Shedding new light on the moratorium debate*, OECD Trade Policy Paper No. 233 (2019)

Digital services imports and adoption of digital tools facilitate exports by small business. A survey of Indonesian Micro, Small, and Medium-Sized Enterprises (MSMEs) using digital services finds that small firms not only see increased sales and profits and are able to expand their payrolls, but they are also much more likely to export.

A study by the Indonesia Services Dialogue highlights the value of digitally enabled services to Indonesian small business. The study, *Digital Adoption and Dependency on Digital Goods and Services in MSME: A Survey of MSME in Java and Bali*, found that after MSMEs started using digital services, they saw revenues and profits increase by over 20 percent. MSMEs that used digital tools were also 4.6 times more likely to export abroad.

> “[T]here are also considerable benefits to being able to conduct trade electronically which have often been overlooked in the Moratorium debate. If all goods that could be digitised were to become digitally transmitted today, consumer welfare would increase by USD 940 million… [B]usiness services, which are increasingly digitally delivered, are associated with growing export competitiveness [and]… most important for lower-middle income and lower income countries.“
>
> Source: Andrenelli and Gonzalez, *Electronic transmissions and international trade - Shedding new light on the moratorium debate*, OECD Trade Policy Paper No. 233 (2019)

According to the Initiative for Digital Africa, “the Moratorium and the associated Work Programme on Electronic Commerce have become a pillar of the Internet economy, enabling businesses—especially MSMEs—to grow and compete in the digital economy no matter where in the world they are physically located. The Moratorium advances this goal by keeping the Internet free from tariffs or other customs formalities. The Work Programme does so by providing a forum to address “trade-related issues relating to global electronic commerce, taking into account the economic, financial, and development needs of developing countries” with a focus on “addressing the digital divide, including for MSMEs.” The current state of play are well described in the Nov. 5, 2025 submission of the African, Caribbean and Pacific Group calling for the continuation of the Moratorium and Work Programme.”

Quantitative Impact Analysis—Continuation of the Moratorium

Continuation of the Moratorium enhances predictable cross-border access to digital tools and knowledge that are critical to economic opportunity. With every 1% increase in use of digital imports by MSMEs:

	India	Indonesia	South Africa
MSME Employment Rises by:	**+0.8%**	**+0.42%**	**+0.18%**
MSME Economic Output:	**+0.2%**	**+0.96%**	**+0.47%**

Please see links for additional details re methodology and definitions.

Sources: The Impact of Cross-Border Digital Transmissions on the MSME Sector in India and the Benefits of the WTO E-Commerce Moratorium (igpp.in); Value-of-Crossborder-Digital-Transmissions-to-MSMEs-in-Indonesia.pdf (infisum.com); MSME-WTOMoratorium-SouthAfrica.pdf (infisum.com)

Digital services imports benefit MSMEs and enhance job growth. Small companies that use imported digital services enjoy significant economic benefits, including an expanded work force, productivity gains, and enhanced production output in economies such as India and Indonesia.

Research by Badri Narayanan Gopalakrishnan, *The Impact of Cross-border Digital Transmissions on the MSME Sector in India and the Benefits of the WTO E-commerce Moratorium*, found that every 1 percent rise in the amount of imported digital services used by Indian MSMEs is associated with a 0.4-0.8 percent rise in MSME employment.

Similarly, small businesses in Indonesia that use digital services stand to deliver greater output, enhanced labor productivity and increased employment, according to *The Value of Cross-border Digital Transmissions to MSMEs in Indonesia: Implications for Participation in the WTO E-commerce Moratorium*.

Quantitative Impact Analysis—End of the Moratorium

If certain economies levy customs duties on electronic transmissions, and other economies retaliate in kind, the impacts could be severe. According to one analysis, impacts could include:

GDP Losses			Job Losses		
India	Indonesia	South Africa	India	Indonesia	South Africa
–$1.9 billion	**–$164 million**	**–$25 million**	**–1.3 million jobs**	**–66,000 jobs**	**–10,000 jobs**

Source: The Economic Losses from Ending the WTO Moratorium on Electronic Transmissions | (ecipe.org)

> “Imposing customs duties on electronic transmissions would reduce relevant digital trade and thereby lower its benefits. … Tariffs raise the cost of inputs for production, with implications for business competitiveness. Customs duties on electronic transmissions would likely negatively affect those who can benefit the most from digital delivery or from the use of digital tools to trade, namely MSMEs and women owned traders.”
>
> Source: WTO, IMF, OECD, UN, World Bank, *Digital Trade for Development* (2023)

If the Moratorium lapses, MSMEs expect slower sales growth. Nearly two thirds of MSMEs surveyed in Kenya and South Africa say they would likely see a significant or moderate impact to potential growth if the Moratorium lapsed and they had to comply with new customs duty requirements. With added costs and additional customs requirements to navigate, most say they would also expect to become less internationally competitive.

According to a study entitled *The MSME Moratorium* from New Markets Lab, which conducted surveys with over 400 MSMEs in multiple industries in Kenya and South Africa, the majority of those surveyed were not aware of the Moratorium’s existence or the potential for WTO members to let it expire. Three quarters (74 percent) said they did not have sufficient capacity to comply with additional customs administrative requirements.

Digital services are of particular value to women.

Women entrepreneurs surveyed in Latin America, the Caribbean, Africa, and Asia Pacific described digitally delivered services as an equalizing force, expanding their opportunities to export and join in global value chains, according to an October 2023 report from the Trade Experettes entitled, *The E-commerce Moratorium and Women: How the WTO E-commerce Moratorium Impacts Women Across the World*.

Implications for Digital Inclusion

“Applying tariffs on electronic transmissions is likely to harm efforts to make trade more inclusive, whether it be low-income country exports or the exports of smaller or women-owned firms.”

6 in 10 employed women now work in the services sector, including digital services.	Most rapid growth in low-income economies: **58% increase** in female employment in services (since 2001).

“The E-commerce Moratorium … has been instrumental in the adoption of digital services by women-led or owned businesses.”

Sources: The World Bank and the WTO, *Trade in Services and Development* (2023); Trade Experettes, *The E-Commerce Moratorium & Women* (2024); OECD, *Understanding the potential scope, definition and impact of the WTO e-commerce Moratorium* (2023)

> “There is no tradeoff between open and inclusive digital trade. To the contrary: open trade supports developing countries’ inclusion in global digital markets.”
>
> Source: Ruta and Jacubik, *Why Digital Trade Should Remain Open* (Dec. 2023)

Cost-benefit analysis underscores the net benefits of the Moratorium. Governments would not reap significant new revenue if the Moratorium were allowed to lapse. And new duties would cost more in the form of lost economic growth and a shrunken tax base than they would generate in additional tariff revenues.

A 2019 OECD study, *Electronic Transmissions and International Trade - Shedding New Light on the Moratorium Debate*, estimated that the amount of customs revenue governments forego due to the Moratorium amounts to a relatively small sum, only about 0.08 percent to 0.23 percent of overall government revenue.

A cost-benefit analysis indicates developing countries see net benefits from maintaining the existing Moratorium, according to a study from the European Centre for International Political Economy (ECIPE), *The Economic Losses from Ending the WTO Moratorium on Electronic Transmissions*.

Based on ECIPE’s projections, the theoretical adoption of customs duties would depress consumption, resulting in lower economic growth and a smaller tax base. And if many WTO members were to begin imposing duties on e-transmissions, the situation would be even worse: developing economies would stand to lose many times in economic growth what they would generate in customs revenues.

Developing and developed country organizations support continuation of the Moratorium. Over 200 civil society and industry organizations from across Africa, Asia, the Americas, Europe, the Middle East, and Oceania have called on WTO members to continue the Moratorium. These groups have noted that:

> The Moratorium is particularly beneficial to Micro, Small and Medium-Sized Enterprises (MSMEs), whose ability to access and leverage digital tools has allowed them to stay in business amidst physical restrictions and lockdowns. Failure to renew the Moratorium will jeopardize these benefits, as customs restrictions that interrupt cross-border access to knowledge and digital tools will harm MSMEs and the global supply chain—increasing digital fragmentation. As UNCTAD has explained, such fragmentation “reduces market opportunities for domestic MSMEs to reach worldwide markets, [and] … reduces opportunities for digital innovation, including various missed opportunities for inclusive development that can be facilitated by engaging in data-sharing through strong international cooperation. … [M]ost small, developing economies will lose opportunities for raising their digital competitiveness.”

> “The moratorium does not affect governments’ capacity to generate revenue through non-discriminatory consumption taxes, such as VAT/GST. The adoption of VAT/GST systems has grown significantly in the last 30 years, and as of 2022, 174 economies had implemented such taxes, and more than 120 jurisdictions are either in the process of adapting or considering adapting their VAT administration to address the challenges posed by digitalization…”
>
> Source: WTO, IMF, OECD, UN, World Bank, *Digital Trade for Development* (2023)

There are non-discriminatory tax alternatives to increase government revenue. In most cases, any potential loss of fiscal revenue due to the Moratorium on customs duties on e-transmissions can be compensated for by the use of non-discriminatory taxes, such as value-added tax (VAT) and goods and services tax (GST). (VATs and GSTs are non-discriminatory because they apply to both domestic and imported services).

In 77 out of 106 economies evaluated, the use of VATs or GSTs would completely offset any potential foregone revenues resulting from the Moratorium, according to a report from the OECD, *Understanding the Potential Scope, Definition and Impact of the WTO E-commerce Moratorium*. On average, the amount of potential foregone customs revenue that could be attributed to the Moratorium is 0.68percent of potential total customs revenue or around 0.1percent of overall government revenue.

Allowing the Moratorium to lapse would generate greater policy uncertainty and reduce trade, with low-income countries and smaller firms likely to suffer most, according to the OECD.

> “VATs are … more economically efficient [than customs duties] because they are:
>
> - broad-based and exclude intermediate inputs, thus creating less distortions per dollar raised
> - easier to administer as they build on existing tax infrastructure; and
> - easier to implement, with extensive experience across all income groups”
>
> Source: Ruta and Jacubik, *Why Digital Trade Should Remain Open* (Dec. 2023)

> “Tariffs [on electronic transmissions] also come with costs. They are associated with lower output and lower productivity and their burden falls mainly on domestic consumers, not foreign firms. They are also an unstable source of revenue. Alternatives exist in the form of non-discriminatory value added taxes or goods and services taxes.”
>
> Source: Andrenelli and Gonzalez, *Electronic transmissions and international trade - Shedding new light on the moratorium debate*, OECD Trade Policy Paper No. 233 (2019)

For governments that want to tax electronic transmissions, value-added taxes are more efficient and generate more revenue than tariffs. A study from the IMF estimates that at the global level, a VAT on electronic transmissions would yield about 150 percent more potential revenue than tariffs.

The 2023 report by the IMF, *Fiscal Revenue Mobilization and Digitally Traded Products: Taxing at the Border or Behind It?*, concludes that non-discriminatory VATs are the preferred way to tax electronic transmissions. Because VATs are broad-based and exclude intermediate inputs, the study finds they are not likely to distort consumption and production decisions.

VATs are also easier to implement and administer. Tax administrators can build on existing infrastructure that can be adapted to handle digital trade, while drawing on extensive international experience with VAT implementation. In contrast, little is known about implementing tariffs on electronic transmissions.

Non-renewal of the Moratorium and Work Programme is likely to worsen regulatory fragmentation. These risks are captured in the World Bank’s 2025 Digital Trade Regulatory Readiness (DTRR) initiative, which analyzes 5,000+ regulatory measures and 13,000 data points across 121 economies. The World Bank states:

> “If countries develop isolated digital trade frameworks, this could lead to marginalization of certain economies and the formation of suboptimal regulatory blocs that hinder seamless cross-border digital transactions. To avoid this, fostering international regulatory cooperation is essential. Alignment with global best practices—through multilateral agreements (e.g., WTO e-commerce negotiations), regional initiatives, or bilateral dialogues—can help ensure a cohesive and inclusive digital trade ecosystem. Such coordination is crucial in preventing trade inefficiencies, reducing compliance burdens, and enabling all economies to fully benefit from the digital economy.”
>
> Source: https://www.worldbank.org/en/data/interactive/2025/09/10/digital-trade-regulatory-readiness-dtrr-database

Value-Added Taxes v. Customs Duties

VAT / GST	CUSTOMS DUTIES ON ELECTRONIC TRANSMISSIONS
Higher revenue potential: Potential revenue from VAT is 150% higher than from customs duties on electronic transmissions.	**Low revenue potential:** Between 0.01% and 0.33% of overall government revenue for developing economies
Less distortive: Taxes on domestic consumption benefit from a broader base of economic activity, resulting in fewer distortions to production and consumption decisions, lower revenue instability, and greater gains in revenue generation.	**More distortive:** Customs duties on electronic transmissions would negatively affect those who can benefit the most from digital delivery or from the use of digital tools to trade, namely MSMEs and women-owned traders.
Legal predictability: The adoption of VAT systems has grown significantly in the last 30 years. As of 2022, 174 economies have implemented such taxes, and more than 120 jurisdictions are adapting or considering adapting their VAT administration to address the challenges posed by digitalization.	**Legal uncertainty:** No country has successfully implemented a framework to collect and enforce customs duties on transient electronic transmissions.
Adapted for the digital environment: VAT administration has been adapted successfully to the challenges of digitalization, across economies in all income groups, as authorities in many economies have sought to secure their domestic tax bases.	**Not adapted for the digital environment:** Customs duty frameworks are not easily administrable to ephemeral electronic transmissions. This implies significant legal risk for governments and traders alike. High administrative and technical costs will reduce the net revenue collected.
Fewer unintended impacts for domestic producers: The VAT is widely seen as an effective and efficient way to raise revenue, especially if it has a broad base comprising all final consumption and a single standard rate.	**More unintended impacts for domestic producers:** Tariffs raise the cost of inputs for production and their cost falls largely on domestic firms and consumers. Such effects can create significant distortions, biasing business decisions towards other intermediate inputs.
Fewer legal risks: Moratorium does not affect governments' capacity to generate revenue through non-discriminatory consumption taxes, such as VAT.	**More legal risks.** Commitments in the GATS, RTAs, and bilateral tax treaties may prohibit or restrict the imposition of customs duties. Tariff bindings and obligations under the GATT and the Valuation and ILP Agreements impose further conditions.

Source: IMF, OECD, UN, World Bank, World Trade Organization, *Digital Trade for Development* (2023); IMF, Fiscal Revenue Mobilization and Digitally Traded Products: Taxing at the Border or Behind It? (2023)