



## Global Industry Statement on the WTO Moratorium on Customs Duties on Electronic Transmissions

**November 2021**

On the occasion of the 12th WTO Ministerial Conference (MC12), the undersigned associations urge WTO members to renew the Moratorium on Customs Duties on Electronic Transmissions until the next Ministerial conference.

Allowing the Moratorium to expire would be a historic setback for the WTO, representing an unprecedented termination of a multilateral agreement in place nearly since the WTO's inception – an agreement that has allowed the digital economy to take root and grow. All WTO members have a stake in the organization's continued institutional credibility and resilience, as well as its relevance at a time of unprecedented digital transformation.

Continuation of the Moratorium is critical to the COVID-19 recovery. As detailed by the United Nations, the World Bank, the OECD, and many other organizations, the cross-border exchange of knowledge, technical know-how, and scientific and commercial information across transnational IT networks, as well as access to digital tools and global market opportunities have helped sustain economies, expand education, and raise global living standards.

Continuation of the Moratorium is also important to supply chain resilience for manufacturing and services industries in the COVID-19 era. Manufacturers – both large and small, and across a range of industrial sectors – rely on the constant flow of research, design, and process data and software to enable their production flows and supply chains for critical products.

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, the global supply chain, and COVID-19 recovery – 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.”<sup>1</sup>

Furthermore, as the OECD has explained, “the revenue implications of the Moratorium are likely to be relatively small and its discontinuation would cause wider economic losses.”<sup>2</sup> Other reports predict greater GDP losses due to potential implementation of retaliatory duties.<sup>3</sup> Countries that impose such duties also face longer-term harms due to a less predictable investment climate, reduced foreign direct investment, and reduced access to knowledge, information, and digital tools needed by local students, patients, MSMEs, and other domestic constituents.



Finally, at a time when G20 leaders, seeking to establish “a more stable and fairer international tax system,” have formally endorsed the OECD Inclusive Framework’s Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy,<sup>4</sup> it seems unnecessarily disruptive for the WTO membership to abandon a foundational quarter-century old agreement regarding the treatment of electronic transmissions.<sup>5</sup> We also note in this regard the recent G7 Digital Trade Principles, which state that “[e]lectronic transmissions – including the transmitted content – should be free of customs duties, in accordance with the WTO Moratorium on Customs Duties on Electronic Transmissions.”<sup>6</sup>

We therefore urge all WTO members to show strong leadership and support of the digital economy by supporting a continuation of the WTO Moratorium on Customs Duties on Electronic Transmissions at MC12.

Sincerely,

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| <ol style="list-style-type: none"> <li>1. Africa Information and Communication Technologies Alliance (AfICTA)</li> <li>2. Allied for Startups</li> <li>3. Asia Cloud Computing Association</li> <li>4. Asia Internet Coalition</li> <li>5. Asia Pacific MSME Trade Coalition (AMTC)</li> <li>6. Asia Business Trade Association</li> <li>7. Asociación de Internet MX</li> <li>8. Asociación Latinoamericana de Exportadores de Servicios (ALES)</li> <li>9. Association of Competitive Telecom Operators (ACTO) (India)</li> <li>10. Australasian Performing Rights Association / Australasian Mechanical Copyright Owners Association (APRA AMCOS)</li> <li>11. Australian Services Roundtable</li> <li>12. Australian Industry Group</li> <li>13. Belize Coalition of Service Providers (BCSP)</li> <li>14. Brazilian National Confederation of Industry</li> <li>15. BSA   The Software Alliance</li> <li>16. Business Council of Canada</li> <li>17. Business NZ</li> <li>18. Câmara Brasileira da Economia Digital</li> <li>19. Cámara Colombiana de Comercio Electrónico</li> <li>20. Canadian Chamber of Commerce</li> <li>21. Canadian Services Coalition (CSC)</li> <li>22. Caribbean Network of Services Coalition</li> </ol> | <ol style="list-style-type: none"> <li>23. Center for International Economic Collaboration (CFIEC)</li> <li>24. Chamber of Digital Industry and Services of National Business Association of Colombia – ANDI</li> <li>25. China Council for Promotion of Int’l Trade</li> <li>26. China Semiconductor Industry Association (CSIA)</li> <li>27. Coalition of Services Industries (CSI)</li> <li>28. Copyright Overseas Promotion Association (COA) (South Korea)</li> <li>29. Digital Trade Network</li> <li>30. Dominican Republic Services Association</li> <li>31. Ecommerce Forum Africa</li> <li>32. European Services Forum (ESF)</li> <li>33. European Semiconductor Industry Association (ESIA)</li> <li>34. Global Data Alliance</li> <li>35. Grenada Coalition of Service Industries (GCSI)</li> <li>36. Hong Kong Coalition of Services Industries</li> <li>37. Indonesia Services Dialogue (ISD)</li> <li>38. Information Technology Industry Council (ITI)</li> <li>39. Interactive Games and Entertainment Association (IGEA)</li> <li>40. The International Association of Scholarly, Technical and Medical Publishers (STM)</li> <li>41. International Chamber of Commerce (ICC)</li> <li>42. International Generic and Biosimilar medicines Association (IGBA)</li> </ol> |
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43. Japan Business Council in Europe (JBCE)
44. Japan Electronics and Information Technology Industries Association (JEITA)
45. Japan Information Technology Service Industry Association (JISA)
46. Japan Machinery Center for Trade and Investment (JMC)
47. Japan Semiconductor Industry Association (JSIA)
48. Japan Services Network (JSN)
49. Korea Semiconductor Industry Association (KSIA)
50. Korean Broadcasters Association
51. Korean Film Digital Distribution Association (KFDA)
52. Malaysia Semiconductor Industry Association (MSIA)
53. Mexican Chamber of Electronics, Telecommunications and Information Technologies (CANIETI)
54. Motion Picture Association (MPA)
55. Motion Picture Producers Association of Japan
56. National Foreign Trade Council (NFTC)
57. Philippine Exporters Confederation (PHILEXPORT)
58. Papua New Guinea Chamber of Commerce and Industry
59. Saint Lucia Coalition of Services Industries (SLCSI)
60. Saint Kitts & Nevis Coalition of Services Industries (SKNCSI)
61. Semiconductor & Electronics Industries in the Philippines Foundation, Inc. (SEIPI)
62. Semiconductor Industry Association (SIA)
63. Screen Producers Australia (SPA)
64. SPADA NZ – The Screen Production and Development Association
65. Singapore Business Federation
66. Singapore Semiconductor Industry Association (SSIA)
67. Sociedad de Fomento Fabril (SOFOFA)
68. Taiwan Coalition of Services Industries (TWCSI)
69. Taiwan Semiconductor Industry Association (TSIA)
70. TECHNATION Canada
71. TheCityUK
72. Trinidad and Tobago Coalition of Services Industries
73. US-ASEAN Business Council
74. US Council for International Business

<sup>1</sup> UNCTAD, *Digital Economy Report* (2021), at: [https://unctad.org/system/files/official-document/der2021\\_en.pdf](https://unctad.org/system/files/official-document/der2021_en.pdf)

<sup>2</sup> OECD, *Electronic Transmissions and International Trade – Shedding New Light on the Moratorium Debate*, TAD/TC/WP(2019)19/FINAL (2019), at: [https://one.oecd.org/document/TAD/TC/WP\(2019\)19/FINAL/en/pdf](https://one.oecd.org/document/TAD/TC/WP(2019)19/FINAL/en/pdf)

<sup>3</sup> ECIPE, *The Economic Losses from Ending the WTO Moratorium on Electronic Transmissions* (2019), at: <https://ecipe.org/publications/moratorium/>

<sup>4</sup> OECD, *Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy*, OECD/G20 Base Erosion and Profit Shifting Project (Oct. 8, 2021), at: <https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf>

This statement was agreed to 136 countries participating in the OECD/G20 Inclusive Framework. For a full list of participating countries, see <https://www.oecd.org/tax/beps/oecd-g20-inclusive-framework-members-joining-statement-on-two-pillar-solution-to-address-tax-challenges-arising-from-digitalisation-october-2021.pdf>

<sup>5</sup> G20, *G20 Rome Leaders' Declaration* (Oct. 31, 2021), para. 32, at: <https://www.g20.org/wp-content/uploads/2021/10/G20-ROME-LEADERS-DECLARATION.pdf>

<sup>6</sup> G7, *G7 Trade Ministers' Digital Trade Principles* (Oct. 22, 2021), at: <https://www.gov.uk/government/news/g7-trade-ministers-digital-trade-principles>. The statement provides in relevant part as follows: “Electronic transmissions – including the transmitted content – should be free of customs duties, in accordance with the WTO Moratorium on Customs Duties on Electronic Transmissions. We support a permanent prohibition of such duties.”