



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

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,

1. Africa Cloud Association
2. Africa Information and Communication Technologies Alliance (AfICTA)
3. Alianza del Pacífico
4. Allied for Startups
5. ACT | The App Association
6. Asia Business Trade Association
7. Asia Cloud Computing Association
8. Asia Internet Coalition
9. Asia Pacific MSME Trade Coalition (AMTC)
10. Asia Pacific Services Coalition
11. Asociación de Internet MX
12. Asociación Latinoamericana de Exportadores de Servicios (ALES)
13. Associação Brasileira das Empresas de Software (ABES)
14. Association of Competitive Telecom Operators (ACTO) (India)
15. Australasian Performing Rights Association / Australasian Mechanical Copyright Owners Association (APRA AMCOS)
16. Australian Information Industry Association
17. Australian Industry Group
18. Australian Services Roundtable
19. Belize Coalition of Service Providers (BCSP)
20. Brazilian National Confederation of Industry
21. BSA | The Software Alliance
22. Business Council of Canada
23. Business NZ
24. Câmara Brasileira da Economia Digital
25. Cámara Colombiana de Comercio Electrónico
26. Canadian Chamber of Commerce
27. Canadian Services Coalition (CSC)
28. Caribbean Network of Services Coalition
29. Center for International Economic Collaboration (CFIEC)
30. Chamber of Digital Industry and Services of National Business Association of Colombia – ANDI
31. China Council for Promotion of Int’l Trade
32. China Semiconductor Industry Association (CSIA)
33. City of London Corporation
34. Coalition of Services Industries (CSI)
35. Copyright Overseas Promotion Association (COA) (South Korea)
36. Digital Trade Network
37. Dominican Republic Services Association
38. Ecommerce Forum Africa
39. Emerging Business Factory (Morocco)
40. European Services Forum (ESF)
41. European Semiconductor Industry Association (ESIA)
42. Global Data Alliance
43. Global Trade Solutions (South Africa)
44. Grenada Coalition of Service Industries (GCSI)
45. Hong Kong Coalition of Services Industries
46. India Electronics & Semiconductor Association (IESA)

47. Indonesia Services Dialogue (ISD)
48. Information Technology Industry Council (ITI)
49. Interactive Games and Entertainment Association (IGEA) (Australia)
50. The International Association of Scholarly, Technical and Medical Publishers (STM)
51. International Chamber of Commerce (ICC)
52. International Generic and Biosimilar medicines Association (IGBA)
53. Japan Business Council in Europe (JBCE)
54. Japan Electronics and Information Technology Industries Association (JEITA)
55. Japan Information Technology Service Industry Association (JISA)
56. Japan Machinery Center for Trade and Investment (JMC)
57. Japan Semiconductor Industry Association (JSIA)
58. Japan Services Network (JSN)
59. Korea Semiconductor Industry Association (KSIA)
60. Korean Broadcasters Association
61. Korean Film Digital Distribution Association (KFDA)
62. Malaysian Service Providers Confederation (MSPC)
63. Malaysia Semiconductor Industry Association (MSIA)
64. Mexican Chamber of Electronics, Telecommunications and Information Technologies (CANIETI)
65. Motion Picture Association (MPA)
66. Motion Picture Producers Association of Japan
67. National Foreign Trade Council (NFTC)
68. New Zealand International Business Forum
69. Philippine Exporters Confederation (PHILEXPORT)
70. Professional & Business Services Council
71. Papua New Guinea Chamber of Commerce and Industry
72. Saint Lucia Coalition of Services Industries (SLCSI)
73. Saint Kitts & Nevis Coalition of Services Industries (SKNCSI)
74. Semiconductor & Electronics Industries in the Philippines Foundation, Inc. (SEIPI)
75. Semiconductor Industry Association (SIA)
76. Screen Producers Australia (SPA)
77. SPADA NZ – The Screen Production and Development Association
78. Singapore Business Federation
79. Singapore Semiconductor Industry Association (SSIA)
80. Sociedad de Fomento Fabril (SOFOFA)
81. Taiwan Coalition of Services Industries (TWCSI)
82. Taiwan Semiconductor Industry Association (TSIA)
83. techUK
84. TECHNATION Canada
85. Technical Service Providers Association of South Africa
86. TheCityUK
87. Trinidad and Tobago Coalition of Services Industries
88. US-ASEAN Business Council
89. US-Bangladesh Business Council
90. US Council for International Business
91. US-India Business Council
92. US-India Strategic Partnership Forum (USISPF)
93. Vietnam E-commerce Association (VECOM)

<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."