



THE WTO MORATORIUM ON CUSTOMS DUTIES ON ELECTRONIC TRANSMISSIONS: STATISTICAL SUMMARY

IMPLICATIONS FOR DIGITAL DEVELOPMENT

“The Moratorium’s expiration would have wide-ranging implications for MSMEs (Micro-, Small-, and Medium-Sized Enterprises)... There is an urgent need for greater empirical assessment of the potential impact of lifting the Moratorium on MSMEs.”

Commercial Services Export Growth (since 2001)

+300% Growth in Least Developed Economies	+250% Growth in Other Developing Countries
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67%: MSME share of total cross-border services exports (2021)

Sources: [The World Bank and the WTO, Trade in Services and Development \(2023\)](#); [New Markets Lab, The MSME Moratorium \(2024\)](#)

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).
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“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 Expertes, The E-Commerce Moratorium & Women \(2024\)](#); [OECD, Understanding the potential scope, definition and impact of the WTO e-commerce Moratorium \(2023\)](#)

ECONOMIC 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 \(infosum.com\)](#); [MSME-WTOMoratorium-SouthAfrica.pdf \(infosum.com\)](#)

ECONOMIC 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

India	Indonesia	South Africa
-\$1.9 billion	-\$164 million	-\$25 million

Job Losses

India	Indonesia	South Africa
-1.3 million jobs	-66,000 jobs	-10,000 jobs

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

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? \(2023\)](#)



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