

**NEW ECONOMIC STUDY: FOR DEVELOPING COUNTRIES,
KEEPING CROSS-BORDER E-COMMERCE DUTY-FREE
YIELDS GREATEST ECONOMIC BENEFITS**

Washington, DC/Brussels/Sydney (August 12, 2019) — A study sponsored by members of the Global Services Coalition (GSC) has been released detailing how developing countries benefit from maintaining a duty-free policy on imports delivered via electronic commerce. The research, from the Brussels-based European Centre for International Political Economy (ECIPE), finds that countries that refrain from imposing customs duties are more likely to enjoy significant economic gains in the form of stronger GDP growth as well as domestic tax collection.

The ECIPE study shows that the benefits of maintaining duty-free status on digitally-delivered products would far outweigh any potential revenue generated by new e-commerce tariffs. The results hold true across a diverse group of four countries studied: India, Indonesia, South Africa and the People's Republic of China.

Currently, under a 1998 agreement known as the e-commerce moratorium, WTO members have committed not to levy customs duties on electronic transmissions. But recently some developing countries have expressed concerns about losing potential tariff revenue if they continue to abide by the moratorium. The ECIPE report analyzes what might happen if governments around the world were to change course from their current zero-tariff approach and begin imposing duties on imported items such as streaming video, software and other digital items.

Economic modeling shows the imposition of duties would result in higher costs and reduced consumption, which would in turn slow economic growth and shrink the domestic tax base. Ultimately countries that levy e-commerce duties will end up surrendering much more in lost GDP and tax opportunity than they will gain in tariff revenue.

In hailing the release of the study, GSC members note that from a trade perspective, the clear conclusion is that if developing countries want to maximize economic growth and tax collection, they should avoid imposing duties on e-commerce.

The full report, *GDP and Tax Losses Resulting from the End of the E-Commerce Moratorium*, is available here: <https://ecipe.org/publications/moratorium/>

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