



February 2, 2023

***Open Letter to World Trade Organization Members:
Supporting Micro, Small, and Medium-Sized Business and Startup Growth and
Job Creation by Making the WTO Moratorium on Customs Duties on Electronic
Transmissions Permanent***

The undersigned, representing a broad and diverse global community of micro, small, and medium-sized (MSME) business entrepreneurs and startup innovators collectively urge World Trade Organization (WTO) members to make the Moratorium on Customs Duties on Electronic Transmissions permanent during the 13th WTO Ministerial Conference (MC13) in Abu Dhabi.

The communities around the world that we represent and support are the small businesses and startups that are the driving force behind the export of countless consumer and enterprise digital products and services, powering equitable economic growth, competition, and innovation. Across developed and developing nations, the global digital economy, valued by the WTO at over US\$ 3.8 trillion, has become the primary channel for affordable and accessible digital products and services that have benefitted countless populations and other businesses, as well as providing an unparalleled means of empowerment and equity.

The WTO's longstanding moratorium on tariffs and customs formalities on electronic transmissions, including content, has underpinned our growth and job creation across consumer and enterprise markets, and remains vital to supporting MSME and startup innovation as well as the digital transition writ large. The moratorium has enabled startups and MSMEs around the world to equitably and efficiently reach new markets, driving competition and innovation.

Allowing the moratorium to expire would subject MSMEs and startups to digital protectionism measures such as tariffs, which are demonstrated to discourage entrepreneurship and competition, undermining WTO members' goal of supporting and promoting their country's growth as well as the relevance and credibility of the WTO itself. The imposition of tariffs and customs duties is already well known to raise costs for consumers, lower output, and reduce productivity. In addition, the moratorium's expiration would lead to a new range of customs administrative requirements that MSMEs will need to navigate and comply with. As organizations that are already resource-constrained and unable to distribute risk across numerous product lines in comparison to large businesses, the impact on MSMEs and startups will be far more pronounced and burdensome in comparison to larger companies. Unleashing this negative dynamic on MSMEs and startups powering digital economy growth would be particularly poorly-timed given the need to attain economic growth amid challenges such as the lingering impact of a global pandemic.

Our communities call on each WTO member to support equitable participation in digital trade for each and every startup and MSME. It is vital that each WTO member support in making the Moratorium on Customs Duties on Electronic Transmissions permanent during MC13.

Sincerely,

ACT | The App Association

AfICTA - Africa ICT Alliance

AINAKI - Indonesia Animation Industry Association

Allied for Startups

APDSI - Associação para a Promoção e Desenvolvimento da Sociedade da Informação

Asociación Española de Startups

Coalition for Digital Prosperity for Asia

Engine

Federation of Finnish Enterprises

Global Innovation Forum

InnovUp

Roma Startup

Small Business & Entrepreneurship Council

Startup Verband

Swedish Federation of Business Owners