

Congress of the United States

Washington, DC 20515

January 17, 2024

The Honorable Katherine Tai
United States Trade Representative
600 17th St NW
Washington, DC 20006

Dear Ambassador Tai:

We write to express support for the World Trade Organization (WTO) Moratorium on Customs Duties on Electronic Transmissions (the Moratorium) and urge the Biden administration to make its renewal a top priority at the thirteenth WTO Ministerial Conference (MC13).

Since 1998, the United States and all other WTO members have agreed to refrain from imposing tariffs on electronic transmissions. WTO members have extended the Moratorium at subsequent WTO Ministerial Conferences, most recently in June 2022. The Moratorium covers electronic transmissions of both digital goods (e.g., e-books, music, movies, and video games) and digital services (e.g., software, emails, and text messages), enabling a stable environment for growing digital trade and American jobs.

The international flow of digital goods and digital services has become increasingly vital to American workers and businesses of all sizes, including the countless small businesses that use digital tools to export products and services across the globe. Failing to renew the Moratorium for the first time in a quarter century would undermine the strength of the American economy, jobs, and innovation.

If the Moratorium is not renewed, governments around the world would be free to impose tariffs and other trade barriers on numerous American industries that transmit products and services electronically and rely heavily on the free flow of data around the globe, including manufacturing, agriculture, entertainment, software, financial services, semiconductors, aerospace, autos, robotics, and medical devices. The Moratorium is particularly beneficial to small and medium sized businesses and entrepreneurs who use digital tools to reach new customers overseas and cannot set up physical operations in every country in which they sell in order to avoid duties imposed on electronic transmissions.

Unfortunately, countries are actively seeking to exploit a potential lapse in the Moratorium. For example, Indonesia has already adopted a customs regime to impose tariffs on certain digital goods and services. If the Moratorium is not extended, new digital trade barriers will likely proliferate. Such barriers could harm American exports, disrupt supply chains, increase prices for American consumers and businesses, and risk potential retaliation.

Although some countries have advocated to end the Moratorium on the grounds that it deprives them of tariff revenue, studies¹ have consistently found that countries applying customs duties on electronic transmissions

¹ Tibor Hanappi, Adam Jakubik, Michele Ruta, "Fiscal Revenue Mobilization and Digitally Trade Products: Taxing at the Border or Behind It?," *International Monetary Fund* (September 2023), <https://www.imf.org/en/Publications/IMF-Notes/Issues/2023/09/07/Fiscal-Revenue-Mobilization-and-Digitally-Traded-Products-Taxing-at-the-Border-or-Behind-It-538487>; Andrea Andrenelli and Javier Lopez Gonzalez, "Electronic Transmissions and International Trade – Shedding New Light on the Moratorium Debate," *OECD* (November 2019), https://www.wto.org/english/tratop_e/ecom_e/ecom_webinar_13jul2020_e/lopez_gonzalez.pdf; Hosuk-Lee Makiyama and Badri Narayanan, "The Economic Losses from Ending the WTO Moratorium on Electronic Transmissions," *European Centre for International Political Economy* (August 2019), <https://ecipe.org/publications/moratorium/>.

would lose considerably more in broader economic growth than they would gain in tariff revenue. Additionally, many stakeholders² across developing countries strongly support an extension, emphasizing the Moratorium’s importance to small businesses in particular. To that end, we appreciate Ambassador Pagán’s recent comments noting that extending the Moratorium “can be a concrete step that WTO Members take to foster robust digital economic activity and support digital inclusion that encompasses the developing world.”³

The United States has been a consistent defender of the Moratorium, and we urge your continued support and advocacy at MC13. Thank you for your attention to this important matter.

Sincerely,



Darin LaHood
Member of Congress



Suzan K. DelBene
Member of Congress



Adrian Smith
Member of Congress



Earl Blumenauer
Member of Congress



Randy Feenstra
Member of Congress



Bill Pascrell, Jr.
Member of Congress



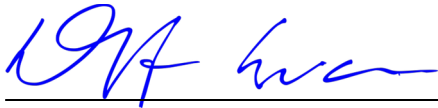
Brian Fitzpatrick
Member of Congress



Jimmy Panetta
Member of Congress

² “Global Industry Statement on the WTO Moratorium on Customs Duties on Electronic Transmissions.”
https://www.wto.org/english/thewto_e/minist_e/mc12_e/global_industry_statement_wto.pdf.

³ “Remarks by Ambassador Maria L. Pagan at Virtual World Trade Organization mini-Ministerial,” USTR (December 2023),
<https://ustr.gov/about-us/policy-offices/press-office/speeches-and-remarks/2023/december/remarks-ambassador-maria-l-pagan-virtual-world-trade-organization-mini-ministerial?source=email>



Dwight Evans
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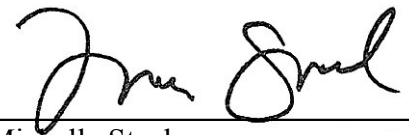
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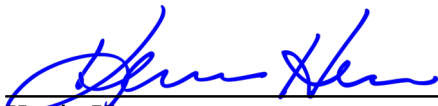
Ron Estes
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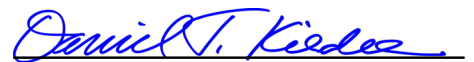
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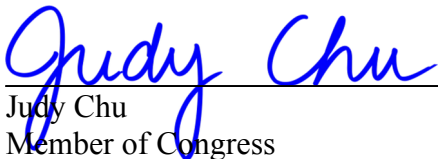
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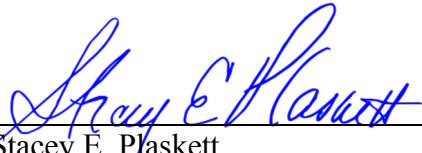
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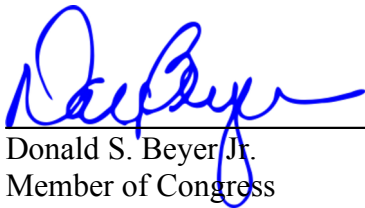
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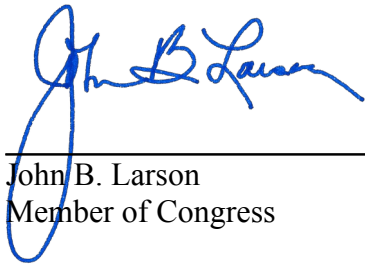
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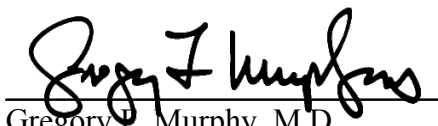
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