



THE E-COMMERCE MORATORIUM & WOMEN

*How the WTO E-commerce Moratorium
Impacts Women Across the World*

Executive summary

The E-commerce Moratorium is a 25-year-old trade policy that prohibits the imposition of customs duties on electronic transmissions, which was agreed to and regularly renewed by the members of the World Trade Organization (WTO). During the last WTO Ministerial Conference (MC12), the continuation of this policy was in doubt. A lengthy debate resulted in its conditional renewal until the upcoming Ministerial Conference (MC13) that will take place in Abu Dhabi, in February 2024.

After introducing the importance of applying a gender lens to the E-commerce Moratorium debate in a publication presented to the WTO in 2022, the TradeExpertes proceeded to further explore its impacts on women – including women-led or owned businesses, women working in the digital economy, as well as the effect on their livelihoods – and the possible consequences of the discontinuation of this trade policy. This study is based on research and discussions with experts, women leaders and business owners, and associations' representatives from Latin America and the Caribbean, Africa, and Asia and the Pacific that were held by webinar and one-on-one interviews during the spring of 2023.

The exercise revealed that women have been using digitally delivered services to fuel their jobs and businesses, and that these services were key for their survival or re-invention during the COVID-19 pandemic. The discussions also showed that the E-commerce Moratorium is deeply embedded in how these women think about their business opportunities and it has been instrumental in the adoption of digital services by women-led or owned businesses by keeping costs low, creating a level playing field for firms and workers in developing countries, and providing opportunities to participate in international markets. While the evidence collected is largely anecdotal and more research and gender-disaggregated data is needed to thoroughly understand the socio-economic impacts of the E-commerce moratorium on women in the digital economy, it serves as an important reminder that trade policy has a direct impact on the lives of people everyday. These stories can therefore help inform governments as they develop policies that are responsive to the practical needs of individuals participating in the global economy.

I. Introduction

The TradeExpertes “Ten Quick Wins for Digital Trade” [report](#) (2022) highlighted the need for a gender lens on discussions under the WTO Joint Statement Initiative on E-commerce. One of the issues being addressed in these discussions, as well as in separate negotiations at the WTO, is the application of customs duties on electronic transmissions. Interested in exploring this issue further, the Australian Government, through the Department of Foreign Affairs and Trade, partnered with the TradeExpertes to launch a research project to examine the gendered impacts of the Moratorium on Customs Duties on Electronic Transmissions (E-commerce Moratorium). During the spring of 2023, the TradeExpertes conducted research and interviews with experts about this topic and organized three regions webinars that included the participation of diverse stakeholders – women entrepreneurs, professionals, academics, and others – who use digitally delivered services (DDS) in their everyday life and work. The goal of these webinars was also to collect and synthesize these varying perspectives from developing countries to understand how these DDS enabled the participation of women-led or owned micro, small and medium enterprises (MSMEs) in local and international markets, and how discontinuing the E-commerce Moratorium might affect their businesses. The three regions chosen to participate in the webinars were Latin America and the Caribbean, Africa, and Asia and the Pacific.

This report highlights the main takeaways from those discussions on the E-commerce Moratorium organized by the TradeExpertes and the possible impacts of its discontinuation on women-led or owned businesses, and on women working in the digital economy.

2. The E-commerce Moratorium: A 25-year-old Policy Now in Peril

Since 1998, [WTO Members](#) have periodically agreed not to impose customs duties on electronic transmissions. This policy is generally referred to as the E-commerce Moratorium. Customs duties are normally applied on imported goods, regardless of whether their purchase and payment transaction took place digitally or in person. However, when content is digitally delivered, customs duties do not apply. For example, a book that is bought online through an e-commerce store and delivered physically across borders, will normally be subject to customs duties, but when the content of a book is transferred digitally in an e-book format, WTO Members do not apply customs duties to that electronic transmission. This does not prevent the application of internal taxes (such as Value Added Taxes) that Members are still allowed to impose, provided that they do so on a non-discriminatory basis.

However, the ever-increasing importance of digital trade has sparked discussions among WTO members on whether or not to continue to renew the E-commerce Moratorium. Indeed, during the WTO’s 12th Ministerial Conference (MC12), several members struggled with its renewal, and a last minute agreement was reached to [extend](#) it until the 13th Ministerial Conference (MC13), which will take place in early 2024. Members also agreed to continue discussions regarding the scope, definition and impact of the E-commerce Moratorium, which several studies have identified as key issues in current debates.

Since then, two special dedicated sessions [have taken place](#) at the WTO on these issues. The sessions have also addressed the development dimension of the E-commerce Moratorium. As a result of these discussions, a [group](#) of members clarified that the E-commerce Moratorium has in practice always applied

both to the transmission (the digital delivery of goods or services - e.g. its telecommunication signal) and to its content (the goods or services that are being digitally delivered), and there is consensus that it does not apply to goods that are bought and paid for digitally but delivered physically. There is still uncertainty about what a hypothetical discontinuation of this trade policy would entail; in particular whether customs duties would apply to the transmission itself or also to its content. Some studies have estimated the [economic costs](#) of the failure to renew the moratorium, which have raised significant cause for concern. Others have also assessed the [trade-offs](#) involved in the imposition of duties.

3. The TradeExperettes E-commerce Moratorium Study

3.1 Why is a gender lens needed?

Recent studies, such as the 2020 joint [report](#) published by the World Bank and the WTO, and a 2021 OECD [policy paper](#), have demonstrated that trade policies are not gender neutral. Looking at trade policy through a gender lens reveals that the policy itself and its implementation impact women and men differently. These studies have also shown how trade policy can promote gender equality and increase women's economic empowerment, which ultimately leads to a positive impact on general economic welfare.

Moreover, post pandemic research has shown that the negative economic consequences of the COVID-19 pandemic disproportionately impacted women, a phenomenon that has been termed the "[She-session](#)." One of the main factors that explain this phenomenon is the fact that the sectors where women are employed, which differ from those in which men are employed, especially in developing countries, were greatly affected by the pandemic. For example, the results of a [survey](#) carried out by the World Bank in Latin America and the Caribbean found that most of the job losses in the region during the pandemic were concentrated in sectors where women are highly represented, such as personal services, education, and hospitality. Furthermore, the role that women play as primary caretakers also helps explain many of these job losses.

Previous studies that have analyzed the economic and social impacts of the E-commerce Moratorium suffer from an obvious gap – they do not address its gender impact, though they acknowledge that it is an area in need of further exploration. Indeed, a [paper](#) by the Organisation for Economic Co-operation and Development (OECD) expressly points to the fact that the evaluation of this trade policy has not focused on traditionally disadvantaged groups, such as women or indigenous peoples.

"Digital technologies and e-commerce may have profound positive impact on women and MSMEs run by them due to a wide range of facilitation, access and efficiency factors. Unfortunately, the lack of detailed data in developing countries renders it difficult to capture these effects quantitatively."

– Dr. Badri Narayanan Gopalakrishnan

In 2021, the TradeExperettes released "[Ten 'Quick Wins' for More Equitable Trade](#)," a report that outlines the low-hanging fruit that WTO members could pursue to generate more equity in the multilateral trading system. The report specifically points to the need to "promote inclusivity when drafting trade policy proposals, by including diverse voices and expertise from the initial phases of research and policy development," and to "strengthen and make visible the participation of women in the services sector and the role of women-owned MSMEs, including as suppliers of services to firms in the domestic market, which

then export.” These two points serve as key drivers for this study because it aims to amplify the voices of women stakeholders that might be affected by changes in a trade policy like the E-commerce Moratorium, and also because women-led or owned MSMEs in DDS have greatly benefited from this policy.

The “[Ten Quick Wins for Digital Trade](#)” report launched by the TradeExperettes in 2022 specifically recommends to “Apply a gender lens to the discussions under the Joint Statement Initiative on E-commerce.” As members gear up for MC13, it is critical to consider the importance of the E-commerce Moratorium on gender equality and the participation of women-led or owned businesses in the digital economy. In other words, the application of a gender lens to the E-commerce Moratorium would expand and strengthen existing dialogue on this topic.

3.2 Around the World in 180 minutes, Summary of the Discussions

“We were delighted to find ample evidence during our webinar discussions of women who, with the help of digitally delivered services, went from being unemployed in the start of the pandemic, to becoming global entrepreneurs and then employers over the course of just a few years.”

– *Hanna Norberg, President, TradeExperettes, Lund, Sweden*

Important inputs for this project were obtained during a series of webinars that focused on three specific regions. The “WTO E-commerce Moratorium and Women,” webinars featured digitally delivered services experts from Latin America and the Caribbean, Africa, and Asia and the Pacific. The discussions included the participation of different stakeholders and experts from a wide range of backgrounds who shared their experiences and knowledge regarding women-led or owned businesses, their participation in the digital economy and the impacts of the E-commerce Moratorium.

Moreover, additional information was obtained through one-on-one interviews with experts and entrepreneurs representing different sectors, backgrounds, and industries.

WTO E-commerce Moratorium and Women, Latin America and the Caribbean session



The focus of the discussions was set to address two main topics: (i) how women are participating in the digital economy, and how their participation was impacted by the COVID-19 pandemic, and (ii) how discontinuing the E-commerce Moratorium could potentially affect their businesses, jobs or livelihoods.

3.2.1 Digitally Delivered Services (DDS) are game changing inputs that have empowered women across the world, especially during the COVID-19 pandemic

Regarding the first topic, there was wide consensus among the speakers about the positive impact of DDS on women's participation in the economy in general and trade in particular. DDS were described by the participants as a game changing input that has allowed women to participate in the global economy on equal footing with men. For example, the speakers from Africa indicated that digital payment solutions were key for women since they eliminated the risk factor of having to physically move to another town to be able to pay for goods and services under unsafe conditions. Furthermore, the use of digital services was also described as a crucial tool that not only facilitated women-led or owned businesses' access to international markets, but also offered a simple way for women to enter the formal economy. This is an important point, which may offer a solution to a problem that researchers have long grappled with, namely how to bridge the gap between the formal and informal economy, which is a key component of economic development.

"Businesses that embraced digital transformation during COVID-19 times were the ones that survived."

– Anne Wambui Gaitha, Founder & CEO Regal Africa Group, Nairobi, Kenya.

Furthermore, access to digital services has also enabled women to not only keep their existing businesses, but perhaps even more importantly, allowed many women to start and even grow their business during the COVID-19 pandemic. For instance, one of the speakers of the Latin American and the Caribbean webinar gave the example of a hairdresser who, during the pandemic, started a new line of business giving online tutorials on how to treat a certain type of hair, and was able to reach a global audience using a videoconference service provider, without needing to physically cross any border. Indeed, a [study](#) carried out by Global Affairs Canada found that women-owned small and medium enterprises (SMEs) in Canada rely on innovations and access to e-commerce to become exporters, more than men-led businesses, which according to the anecdotal evidence collected through the webinars is a fact that proves to be applicable to many other regions as well.

WTO E-commerce Moratorium and Women - Africa Region session



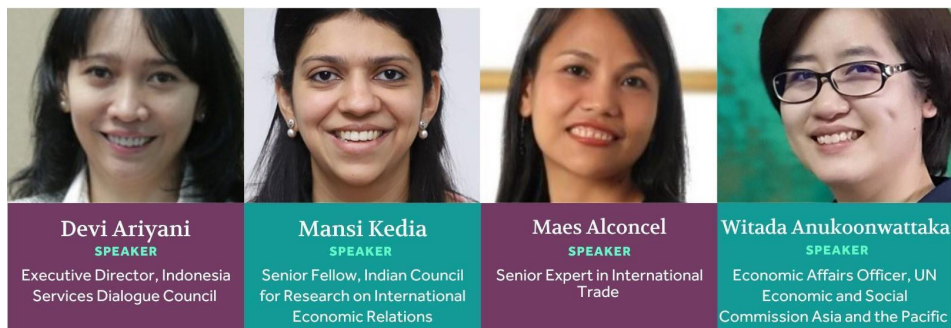
In order to take advantage of the opportunities that digitally delivered services offer, it is imperative to ensure that women do have digital access. As pointed out by the speakers during the webinar focused on Africa, the digital divide between women and men that exists in the region is an issue that needs special consideration when analyzing women's participation in the digital economy and when discussing inclusion in the development of DDS in Africa.

3.2.2. Removing the E-commerce Moratorium implies much uncertainty and risks

Regarding the second topic, the speakers from Latin America agreed that the E-commerce Moratorium is considered business-as-usual for women-led or owned SMEs. They also pointed out the risks of increasing the costs of importing DDS, such as producers and exporters becoming less competitive and losing market-share. One participant gave concrete examples on how taxes on imported intermediate services have affected the competitiveness of her services exports, when compared to similar women exporters in the region. However, the lack of gender-disaggregated data was identified as a barrier to properly calculate the impact of the E-commerce Moratorium on women-led or owned SMEs, and women working in the digital economy.

The possible negative impacts of discontinuing the E-commerce Moratorium on these SMEs was also shared by the stakeholders from Africa, who highlighted that the expected short-term gains of government revenue from the potential customs duties may very well be offset by the detrimental long-term impact on businesses' exports. This would ultimately reduce trade, increase the cost of products, lower job creation, and increase government expenditure.

WTO E-commerce Moratorium and Women - Asia and the Pacific session



Along the same lines, the speakers from Asia and the Pacific region emphasized that increasing the cost of intermediate inputs, such as DDS, by imposing a duty would lead to an unlevel playing field for women-led or owned SMEs. They also pointed out that, in this digital age, no trade is purely analog, and that digital services are crucial to complementing or enhancing physical trade. As a result, if the cost of digital services increases, then the cost of physical trade inputs will also be higher, which will in turn affect trade flows in physical goods and reduce a government's overall tariff revenue.

"Services trade already faces a lot of non-tariff barriers. If we add a tariff to DDS we are going to see a big negative impact, not only for the digital economy, but also for physical trade as such."

- *Witada Anukoonwattaka, Economic Officer at the UN Economic and Social Commission for Asia and the Pacific, Bangkok, Thailand.*

Some women entrepreneurs that were interviewed also mentioned that, in general, MSMEs produce and sell goods and services that are more expensive when compared to larger firms that may enjoy economies of scale. Therefore, they feared that the imposition of customs duties on their imports would make their already expensive goods or services even more so, affecting their competitiveness in international markets and their bottom lines.

The speakers from the Africa and Asia and the Pacific webinars also pointed out the uncertain implications of lifting the E-commerce Moratorium. Some experts referred to the need to answer many pending questions before taking a policy decision like eliminating the E-commerce Moratorium, such as: How do we define electronic transmissions? Is there an awareness that most digital services are already taxed? Have the financial implications of electronic transmissions been quantified? Have governments assessed the potential impact on inflation from the imposition of duties on E-commerce? What are the overall economic costs and benefits?

Other speakers suggested that WTO Members should put effort into evaluating what needs to be done for the E-commerce Moratorium to be lifted, exploring more moderate alternatives. There were concerns that indefinitely giving up the possibility of imposing customs duties on electronic transactions by developing countries could adversely affect their opportunities to develop some of these technologies and invest in their digital economies. There were additional concerns surrounding development without experiencing international debt. Finally, the issue of how the elimination of the E-commerce Moratorium is going to be implemented was raised, indicating that a systematic assessment is needed to answer: what trade flows will be impacted; who is involved in this trade; will this generate trade divergence; what are the costs to the industry; what are the costs to entrepreneurs, specifically women entrepreneurs; will women lose their sources of employment and livelihoods, and by what amount?

4. Conclusions and Recommendations for Policy Makers

As WTO members gear up for MC13, it is critical to consider the importance of the E-commerce Moratorium on gender equality, and the participation of women in the digital economy. The application of a gender lens to the E-commerce Moratorium discussions can expand and strengthen existing dialogue on this topic.

Previous economic impact assessment studies have shown that the E-commerce Moratorium has been beneficial to both trade and economic growth. Our research into its impact on women-led or owned businesses and women working in the digital economy revealed that it has acted as a gender-equalizer. Indeed, the experiences gathered during the research and discussions for this report show that women have been using DDS as a means and a tool to fuel their jobs and businesses, and that these services were key for their survival or re-invention during the COVID-19 pandemic. The E-commerce Moratorium has been instrumental in the adoption of those services by women-led or owned businesses since it has kept costs low, creating a level playing field for firms in developing countries, and given individuals the opportunity to participate in international markets from wherever they are in the world.

The anecdotal evidence collected through the interviews and webinars also points to the “formalizing effect” of DDS. The use of these services has facilitated the integration of women-led or owned businesses to the formal economy; when women set up their businesses online and sell goods and services online, they generally use digital services to process and receive their payments and thus start participating in the formal economy, which is an important factor for the economic development of a society.

Even when there is not enough gender-disaggregated data and when there are uncertainties related to the scope of the E-commerce Moratorium, the fact that it is deeply embedded in how these women-led or owned MSMEs think about their business opportunities indicates that its elimination and the possible imposition of customs duties to electronic transmissions would directly impact their economic well-being. This in turn would affect the jobs and livelihoods of other women working in these businesses. An increase

in the costs of the DDS used as inputs will also increase the costs of the goods and services they offer and eventually affect their competitiveness in international markets, as well as the possibility to grow their businesses. The potential spillover effects could be vast. Hence, a policy change away from the moratorium will change the accessibility of DDS for all firms, but will particularly affect women-led or owned businesses, decreasing the positive effects that the E-commerce Moratorium has had on them.

■ Recommendations for Policy Makers

- > **Use an evidence-based approach.** The E-commerce Moratorium has been in place for 25 years and a wide-ranging set of studies estimate that it has had a positive economic impact. Before making any changes to this policy, significant time and resources should be devoted to studying the potential economic and social impacts of introducing additional restrictions to the free flow of these services globally. This is especially true for women participating in the digital economy, either as workers, professionals or businesses' owners or leaders. An uninformed political decision runs the risk of seriously prejudicing the trade policy landscape, eliminating the equalizing effect that DDS have created thus far, increasing costs for consumers and producers, particularly in developing countries, and ultimately increasing the digital divide.
- > **Renew the E-commerce Moratorium at MC13 and clearly define its scope.** The positive impact of the E-commerce Moratorium on women-led or owned businesses and women working in the digital economy revealed by this research relies on a scenario where this trade policy has been applied by WTO members not only to electronic transmissions, but also to its content. However, the absence of clear wording in past declarations on the E-commerce Moratorium has fueled questions about its scope. Including clear language regarding its scope that reflects the way in which it has been implemented so far by the majority of WTO members would continue to support women businesses, and guarantee precision when measuring and analyzing the possible impacts of the discontinuation of this trade policy.
- > **Deploy financial resources to gather gender-disaggregated data, especially in developing countries.** Commit resources to develop the gender-disaggregated data necessary to carry out further economic research on the micro and macro level effects of DDS and women, as well as the potential social and economic impacts of eliminating the E-commerce Moratorium on women-led or owned businesses, women jobs and corresponding livelihoods, particularly in developing countries.
- > **Launch a dialogue on the role of DDS in helping women participate in the digital economy.** Regardless of the outcome of MC13 in relation to the E-commerce Moratorium, WTO members should continue existing discussions and formally launch a constructive dialogue about the role and effect of DDS on women participating in the digital economy at a global level. Due to the nature of these services, local decisions may have global implications and there is much to be learned by collaborating at a multilateral level.
- > **Explore innovative capacity building solutions to tackle the digital divide.** Work to find ways to bridge the digital divide and make global connectivity a reality, so that the benefits unleashed by DDS can be enjoyed by all.



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