

WTO's 14th Ministerial Conference: longstanding moratorium on customs duty on electronic transmissions expires

2 April 2026

In brief

What happened?

Despite extensive negotiations at the World Trade Organization's (WTO) 14th Ministerial Conference (MC14) held in Cameroon between 26-30 March 2026, Members failed to reach agreement on extending the moratorium on customs duties on electronic transmissions. The moratorium has now expired, as of 30 March 2026. The moratorium had been in place since 1998, preventing WTO Members from imposing customs duties on digitally delivered products such as software, audiovisual content, and other electronic transmissions.

In parallel, 66 WTO Members, representing approximately 70% of global trade, agreed at MC14 to move forward with interim implementation of the [plurilateral Agreement on Electronic Commerce](#). This includes a commitment among participating members to not impose customs duties on electronic transmissions, alongside rules on digital trade facilitation, online consumer protection, e-payments, data protection, and cybersecurity (see our [previous Tax Policy Alert](#) for more detail).

Why does this matter?

Although technically limited to customs duties, the moratorium played a key role in enabling digital trade by providing a stable and predictable (duty free) trading environment for cross border electronic transmissions. Several WTO Members observed that the full implications of imposing duties on electronic

transmissions are unknown and remain to be tested. Imposing customs duties in the future would lead to more fragmentation, increased business and compliance costs, and potential losses in competitiveness.

Actions to consider

Businesses should monitor continued efforts to reinstate the moratorium over the coming months. Organizations should also be mindful that the future policy debate will also likely shift to an increased focus on domestic tax frameworks, digital taxes and trade, and the extent of the interplay with existing cross border VAT/GST rules. In the long run, if consensus cannot be reached multilaterally, countries are likely to pursue bilateral, plurilateral or regional approaches, increasing risks of a fragmented digital trade and tax landscape. Following MC14, the US position was set out in USTR's press release of 30 March 2026 where it was indicated that the US has secured commitments from dozens of countries not to impose tariffs on US digital transmissions inviting all trading partners to commit to a plurilateral moratorium agreement.

In detail

Implications

Leading into MC14, virtually all Members supported either a continuation of the current practice of extending the moratorium at each Ministerial Conference while continuing further analytical work on its costs and benefits; or an open-ended moratorium.

OECD analysis suggested that the moratorium supports a significant share of global digital trade integration and has helped support the rapid growth of digitally delivered services—the fastest-growing segment of international trade. A central point of contention is whether the moratorium limits a government's ability to raise revenue. [OECD evidence](#) contained in a trade policy brief provides important context:

- Potential foregone tariff revenue is a small fraction of customs revenue (less than 1%) and an even smaller fraction of total government revenue on average.
- For developing economies, the potential revenue effects are on average more important but still small overall (estimates of tariff revenue foregone generally fall below 1% of total government revenue and below 2% of customs revenue on average).

Observation: *The fiscal stakes, while politically salient, appear to be relatively modest in aggregate terms. Further, the earlier analysis highlights that much of this (foregone) tariff revenue is compensated by VAT on cross border digital services, which continues to grow as digital consumption grows. The OECD perspective also goes further by arguing that VAT does not present shortcomings specific to customs duties, such as detailed product classification and the determination of origin.*

Some WTO Members have called for a wider review of digital taxes to ensure that any such taxes are non-discriminatory and do not give rise to market access barriers. This reinforces a key tax policy perspective - the debate is less about *whether* digital trade should be taxed, and more about the *how* and which instruments are appropriate. A number of countries and regions already have terms in free trade agreements to not impose customs duty on e- transmissions.

Observation: *The OECD analysis also suggests that introducing tariffs would increase costs for digital inputs (e.g. software, cloud services), reduce trade flows, and disproportionately affect SMEs and lower-*

income economies. This reframes the issue from a revenue question to one of competitiveness and effective participation in the digital economy.

Observation: *WTO Members now face a stark choice between a new limited or permanent extension of the original moratorium that will provide predictability and stability, and some other option that is less known and untested.*

For developing economies, until any new or final position is reached, there will be a delay in imposing tariff measures, but this delay will also avoid higher costs for digital services imports.

In terms of the agreement to move forward with interim implementation of the [plurilateral Agreement on Electronic Commerce](#), this is a positive development as it will help to establish a shared regulatory framework for digital trade that can lower costs, unlock new opportunities, and enhance trust in electronic commerce.

What's next?

The 1998 moratorium has expired, and further discussions must now be held as a priority at WTO's next General Council meeting (possibly May). In terms of the E-commerce Agreement, this will enter into force for participating WTO Members once 45 have completed domestic acceptance procedures, while efforts continue to incorporate it into the WTO legal framework.

Let's talk

For a deeper discussion of how WTO's e-commerce and digital trade developments might affect your business, please contact:

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