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**New Research Documents Benefits of Digital Imports for South African Small Business,
Underscoring Value of WTO Moratorium on E-Commerce Duties**

Small companies in South Africa broadly benefit from access to digital imports, concludes a new study by Badri Narayanan Gopalakrishnan, an Indian economist and former official at the Indian government think tank NITI Aayog. His latest research findings are outlined in a just-released paper, [*Impact of Cross-Border Digital Transmissions on MSMEs in South Africa*](#).

The study finds that for every 1% increase in digital imported inputs by MSMEs:

- MSME employment rises by 0.18%
- The number of MSMEs increases by 0.09%
- Labor productivity, measured by MSME GDP per employee, rises by 0.77%
- Employees per MSME increases by 0.20%

Narayanan's quantitative analysis, supported by econometric regression techniques, has important policy implications. His conclusions indicate that any move to tack new duties onto imports – thus making digital products and services more expensive for end users – could hurt South African MSMEs.

The findings also suggest that the WTO moratorium on e-commerce duties, which has helped hold down prices for digital imports since it took effect in 1998, has had a positive impact on small business in South Africa.

“Our paper underscores the substantial benefits South African MSMEs have gained from the current moratorium. Active engagement in the digital economy and heavy reliance on digital imports highlight the disproportionate negative impact that ending the WTO moratorium on electronic transmissions would have on South Africa's MSME sector,” said Narayanan.