Trade Policy Dynamics unleashed by COVID-19: Implications for Development

Prepared for World Bank ABCDE, 22 April 2020
Global perspective on trade policy developments: This year is different.

Export bans on medical supplies, medical equipment, and medicines.

Export bans on food.

Overall assessment of developments.
To date, this year is different: export measures are most salient form of harmful measure.

Foreign state acts documented by 17 April of each year.
To date, this year is different: more tariff cuts, fewer FDI reforms

Foreign state acts documented by 17 April of each year
But watch out for low profile export incentives—they shift market shares towards favoured firms

Billions of exports at risk (annual basis, 2018 prices, USD billions)

- Tax-based export incentives
- Import tariffs
- All trade distortions

Sub-Saharan Africa
- 5.7
- 4.0
- 1.5

African Union
- 11.6
- 8.5
- 2.8

ASEAN
- 53.7
- 20.3
- 0.9

Latin America & the Caribbean
- 69.8
- 24.2
- 9.9

World
- 494.8
- 337.9
- 40.3
Export curbs on medical products and medicines have spread quickly this year.

Sicken Thy Neighbour:
At some point this year 76 nations have limited exports of medical supplies.

Source: Media reports, assembled by the Global Trade Alert team, University of St. Galten, Switzerland. 20 April 2020.
So have export curbs on food—but implicating fewer nations
To date, this year’s trade policy developments differ sharply from 2009-2019.

Going forward, unclear if trade policy developments at the close of the (first?) wave of infection will differ much from 2009.

Export curbs on medical supplies more pervasive than on food—but the latter is worth tracking, just in case bans spread there as well.

At the moment, the spectre of food shortages and the 2008-9 policy response to commodity price spikes is overdone. Still worth monitoring closely.

Export bans aren’t the only distortion to exports that matter—watch out for creeping export incentives and dodgy trade finance schemes.
Further information

- Contact Professor Simon J. Evenett (University of St. Gallen, Switzerland) at simon.evenett@unisg.ch

- Look out for joint Global Trade Alert-World Bank-EUI updates on trade policy changes in medical products and in food.

- Track totals of foreign commercial policy developments at: https://www.globaltradealert.org/global_dynamics

- Download our reports from https://www.globaltradealert.org/reports
For now export curbs on food pale when compared to 2008-9 commodity spike

### Table 1 - Food export restricting countries and restrictive measures in a sample of 105 countries, 2007 to end-March 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>All countries covered (#)</th>
<th>Export restricting countries (#)</th>
<th>% of restricting countries</th>
<th>All policy measures (#)</th>
<th>Export restriction measures (#)</th>
<th>% of restrictive measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>42</td>
<td>9</td>
<td>21</td>
<td>142</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Asia</td>
<td>30</td>
<td>15</td>
<td>50</td>
<td>210</td>
<td>49</td>
<td>23</td>
</tr>
<tr>
<td>LAC</td>
<td>28</td>
<td>5</td>
<td>18</td>
<td>148</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>4</td>
<td>80</td>
<td>28</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
<td>33</td>
<td>31</td>
<td>528</td>
<td>87</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Author, based on information in Annex 1 for export restrictions and FAO food policy monitoring database for other measures.

Source: Ramesh Sharma (2011), FAO.
Examples of food bans from 2008-9 commodity spike

Source: Ramesh Sharma (2011), FAO.

Table 2 - Illustration of the use of various export restrictive measures during 2007-2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
<th>Restrictive policy instruments used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Wheat, maize, soybean, sunflower seeds</td>
<td>Tax (\text{ad valorem}), Tax (variable), Quota, Ban</td>
</tr>
<tr>
<td>China</td>
<td>Rice, wheat, maize, flour</td>
<td>Tax (\text{ad valorem}), Quota/license</td>
</tr>
<tr>
<td>India</td>
<td>a) Basmati rice</td>
<td>a) MEP, Tax (specific), STE</td>
</tr>
<tr>
<td></td>
<td>b) Ordinary rice</td>
<td>b) Ban, MEP, STE</td>
</tr>
<tr>
<td></td>
<td>c) Wheat</td>
<td>c) Ban, Quota, STE</td>
</tr>
<tr>
<td>Egypt</td>
<td>Rice</td>
<td>Tax (specific), Quota, Ban</td>
</tr>
<tr>
<td>Pakistan</td>
<td>a) Rice (ordinary and basmati)</td>
<td>a) MEP</td>
</tr>
<tr>
<td></td>
<td>b) Wheat</td>
<td>b) Tax (\text{ad valorem}), Quota, Ban</td>
</tr>
<tr>
<td>Russia</td>
<td>a) Wheat, maize, barley, flour</td>
<td>a) Tax (\text{ad valorem}), Ban</td>
</tr>
<tr>
<td></td>
<td>b) Rapeseed</td>
<td>b) Tax (\text{ad valorem})</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Wheat, maize, barley</td>
<td>Quota</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Rice</td>
<td>MEP, Quota, Ban, Tax (variable), STE</td>
</tr>
<tr>
<td>Other 20</td>
<td>35 products affected, mostly cereals, but</td>
<td>Ban in 32 cases, 1 MEP, 1 Tax (\text{ad valorem}) and 1 STE</td>
</tr>
<tr>
<td>countries</td>
<td>also sugar, beans, oils, cattle</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author, based on Annex 1.
Note: In a majority of cases, multiple instruments were used, both concurrently and sequentially. The instrument shown in **bold** is considered to be the most common measure used. MEP is minimum export price and STE is state trading enterprise.