



GLOBAL
TRADE
ALERT

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

Prepared for World Bank ABCDE, 22 April 2020

An overview of key trade policy developments



- 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.

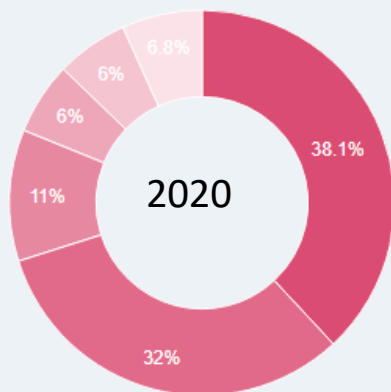
To date, this year is different: export measures are most salient form of harmful measure

POLICY INSTRUMENTS USED

EXPORT

HARMFUL LIBERALISING

- Export-related measures (incl. export subsidies)
- Subsidies (excl. export subsidies)
- Contingent trade-protective measures
- Tariff measures
- Non-automatic licensing, quotas etc.
- Other

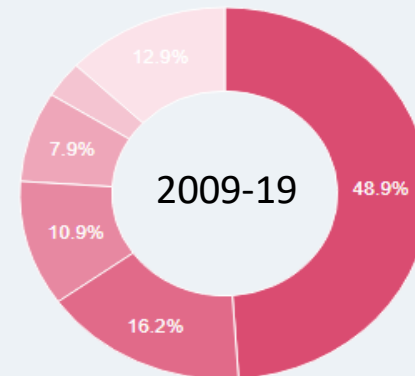


POLICY INSTRUMENTS USED

EXPORT

HARMFUL LIBERALISING

- Contingent trade-protective measures
- Subsidies (excl. export subsidies)
- Tariff measures
- Export-related measures (incl. export subsidies)
- Trade-related investment measures
- Other



Foreign state acts documented by 17 April of each year

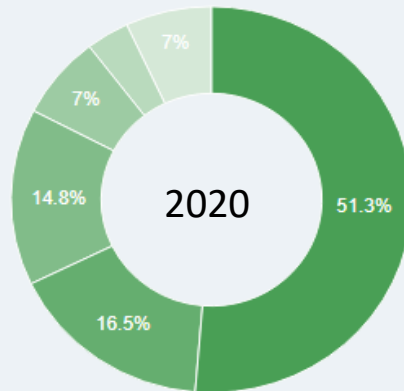
To date, this year is different: more tariff cuts, fewer FDI reforms

POLICY INSTRUMENTS USED

EXPORT

HARMFUL LIBERALISING

- Tariff measures
- Export-related measures (incl. export subsidies)
- Non-automatic licensing, quotas etc.
- Price-control measures, including additional taxes and charges
- Subsidies (excl. export subsidies)
- Other

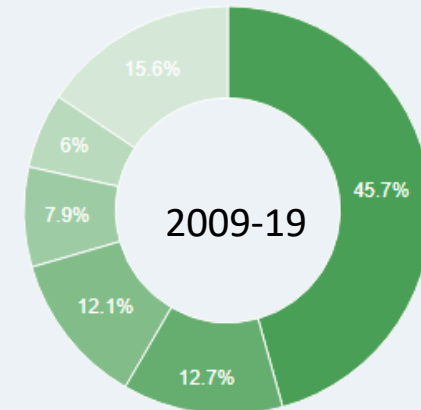


POLICY INSTRUMENTS USED

EXPORT

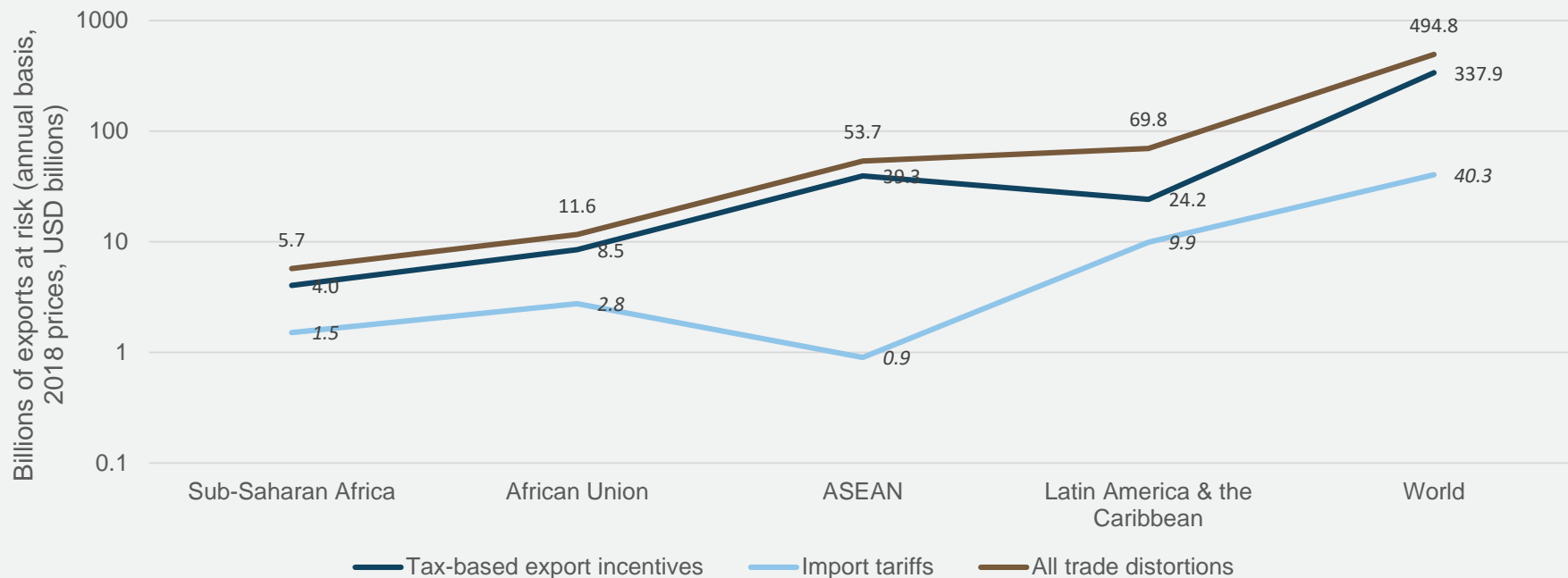
HARMFUL LIBERALISING

- Tariff measures
- Export-related measures (incl. export subsidies)
- Non-automatic licensing, quotas etc.
- FDI measures
- Instrument unclear
- Other



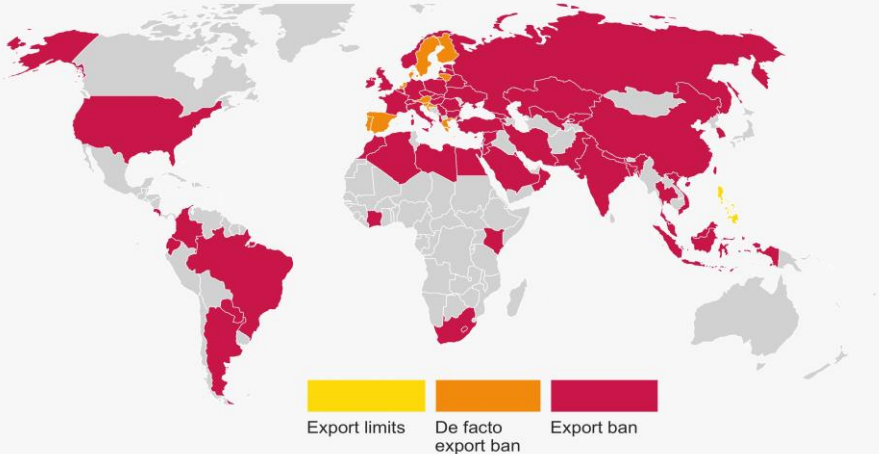
Foreign state acts documented by 17 April of each year

But watch out for low profile export incentives—they shift market shares towards favoured firms



Export curbs on medical products and medicines have spread quickly this year

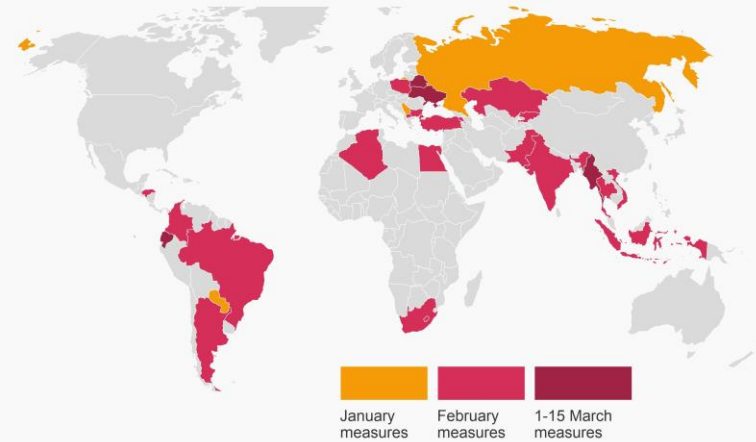
Sicken Thy Neighbour:
At some point this year 76 nations have limited exports of medical supplies



Source: Media reports, assembled by the Global Trade Alert team, University of St. Gallen, Switzerland. 20 April 2020.

So have export curbs on food—but implicating fewer nations

26 countries implemented export curbs on food during the COVID-19 pandemic
as of 17 April 2020.



Source: Documented state acts and media reports,
assembled by the Global Trade Alert team, University of St. Gallen, Switzerland.

Takeaways

- 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

Region	----- Countries -----			----- Measures -----		
	All countries covered (#)	Export restricting countries (#)	% of restricting countries	All policy measures (#)	Export restriction measures (#)	% of restrictive measures
Africa	42	9	21	142	15	11
Asia	30	15	50	210	49	23
LAC	28	5	18	148	15	10
Others	5	4	80	28	8	29
Total	105	33	31	528	87	16

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

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

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

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.

Source: Ramesh Sharma (2011), FAO.