WORLD TRADE ORGANIZATION

1 July 2021

Page: 1/13

Original: English

IMPROVING TRADE DATA FOR PRODUCTS ESSENTIAL TO FIGHT COVID-19: A POSSIBLE WAY FORWARD

INFORMATION NOTE[1]

EXECUTIVE SUMMARY

- Detailed trade data for many products needed to combat the COVID-19 pandemic, including vaccines and their components, are currently not available because the information captured at the time of importation is not sufficiently detailed. Because they limit the extent to which trade in critical products can be accurately measured and analysed, these data gaps make it harder for governments to make full use of trade policy cooperation in their efforts to combat COVID-19. Prompt and decisive action by governments and the public sector can help to remedy the information gaps.
- Although there is no agreed definition of all the products that are essential to combat COVID-19, the World Customs Organization (WCO) and the World Health Organization (WHO) have undertaken very useful work and issued several documents with guidance on the classification of many of these products, which could serve as a basis for an international effort to capture more detailed trade data on them.
- The two main problems with the manner in which trade data are currently being captured and disseminated are: 1) that the Harmonized System (HS) six-digit level is not detailed enough, and 2) that the national breakouts (i.e. national subcategories beyond the standardized HS categories) that have been created by some members are not standardized. Relying on HS six-digit codes is likely to grossly overestimate the trade covered by products essential to combat COVID-19, and this could lead to incorrect conclusions. While estimates could be derived for some specific products, there is not enough granularity in the trade data that are currently being captured to conduct sound analysis for most of the relevant products.
- The WTO Integrated Database (IDB) is uniquely positioned to capture and disseminate detailed tariff and import data beyond the HS six-digit level, and it could be used by members to compile and disseminate data on the relevant products. However, an additional effort is needed to capture more detailed information beyond the national tariff line level that is currently being used by many members.
- Any initiative by the international community to tackle data problems and develop a system to properly monitor trade in products essential to combat the COVID-19 pandemic or in future crises will need to have three characteristics. First, it should be a collective effort and allow for as much participation as possible. Second, it should take into account the way in which trade statistics are initially collected by customs authorities and thereafter disseminated at the international level. And third, it should be flexible so it can be adjusted to changing circumstances.
- The are several actions that could be taken by the international community to redress the current situation, thereby improving the quality of the relevant information and providing a more solid basis for trade policy in the area of COVID-19. This information note explores possible actions that could be taken in the short and medium term, including the possibility of establishing public-private partnerships to collect the relevant data.

[1] This document has been prepared under the WTO Secretariat's own responsibility and is without prejudice to the positions of WTO members or to their rights and obligations under the WTO.

1. WHY SHARING TRADE STATISTICS MATTERS

Cooperation and transparency are playing a key role in tackling the COVID-19 pandemic and in fostering economic recovery and trade policy has a central role to play in both of these efforts. These elements are a common theme in the more than 74 ministerial declarations, communiqués, statements and proposals that were put forward over the past year by different groups of WTO members.[2]

Data are critical to informed decision-making, and trade policy is not an exception. An in-depth understanding of the supply chain problems caused by the COVID-19 pandemic needs to be grounded in data. A lack of adequate or timely information makes it difficult to take informed decisions, and could lead to sub-optimal or counter-productive policy measures. Given the nature of international trade, no single WTO member has complete information about world trade within its jurisdiction and must, therefore, necessarily depend on sharing information with other members. Data-sharing is a public good.

This information note highlights that, in the area of trade in goods, the manner in which trade data are currently being collected by customs authorities – i.e., based on the Harmonized System (HS), processed, and disseminated internationally – is leading to a loss of valuable information that could otherwise be useful in developing trade policy to prevent future crises. In terms of the COVID-19 pandemic, it remains difficult, and in some cases impossible, to obtain standardized information at the level of detail required to understand and monitor the trade flows that underpin the complex value chains behind the global manufacturing of essential products to resolve the pandemic.

Although there have been individual efforts by some members to improve the measurement of trade data in these products within their jurisdictions (see Section 4), most members have continued to collect and aggregate trade statistics in the same way they did before the pandemic – that is, based on the standard, broad categories of the HS (i.e. at the HS six-digit subheading level), which group together a large number of commodities and do not provide a sufficient level of specificity or granularity, and without creating national subcategories to measure trade in the products that are important to combat the pandemic.

As an illustration, trade statistics for all "vaccines for human medicine" (HS subheading 3002.20) are largely grouped together by most members in the same HS category, which does not distinguish whether these vaccines are for COVID-19, influenza, chickenpox or other viruses, and this situation makes it very difficult to analyse any evolution of these products beyond that of the overall commodity group.

Similarly, trade statistics on equipment and on the ingredients used to make vaccines are grouped together with other products. For instance, bioreactors (i.e. machines for culturing cells that are widely used in vaccine production) are merged with many other appliances under the residual category "Machines and mechanical appliances having individual functions, not specified or included elsewhere; -other machines and appliances." (HS subheading 8479.89).

The same is true of most other essential products used to fight the COVID-19 pandemic, such as personal protection equipment (PPE), pharmaceuticals, medical equipment and other essential products to tackle the pandemic. While there may be alternative sources of information for some of these products, such as for vaccines (because production is heavily concentrated in a handful of producers), this is not the case for many other essential products, for which opportunities to capture the relevant information are being lost. As a result, members currently lack, and unless some action is taken, will continue to lack, the right tools to have a detailed and precise measurement of the products that matter, thereby running the risk of having to take decisions with vague or insufficient information.

This information note explains some steps that could be taken by members in the short and medium term to redress this problem, strengthen international cooperation, and improve the measurement of trade in these COVID-19-essential products. For those goods where production is concentrated in a small group of companies, it proposes the establishment of a public-private partnership to obtain timely and more precise information.

Investments to improve the measurement capacity of trade data in key products would allow the international community to monitor the trade flows of the products that really matter and to take informed action as necessary, in this pandemic and in future health crises. Conversely, continuing with

[2] See https://www.wto.org/english/tratop_e/covid19_e/proposals_e.htm

the *status quo* will deprive the international community of valuable lessons on trade in essential products.

Section 2 describes the different products that have been considered to be essential in combatting the COVID-19 pandemic, and that may serve as a basis for the products that need to be monitored by members. Section 3 describes how trade data are normally collected, while Section 4 outlines the problems currently being faced in trying to measure trade in these essential products. Finally, Section 5 discusses possible actions that could be taken by members in the short and medium term in order to improve the collection, measurement and sharing of information on trade in COVID-19-essential products.

2. WHAT ARE THE PRODUCTS ESSENTIAL TO COMBAT COVID-19?

In the broad context of natural and humanitarian crises, governments usually try to identify the products essential to facing them, which, in most cases, requires that they tap into international markets and facilitate the importation of these goods. A list of essential goods, equipment and services is generally established by a national disaster management authority (NDMA) or by a similar authority in charge of the response to the specific disaster. This list can serve multiple purposes, including as a tool to prioritize customs clearance and as a basis for decisions to waive import duties, internal taxes and other duties and charges on those products.[3] No two crises are the same, neither in their source, their scope, nor in terms of the populations that they affect. Preparedness also varies across countries and regions. As such, lists of essential goods tend to be context-specific and vary significantly across countries, and they may even vary within countries for climatic or geographic reasons.

Since the beginning of the COVID-19 pandemic, different products have been considered to be essential by different members and at different times. For example, during the initial phase of the health crisis, there was a surge in world demand for mechanical ventilators and PPE, such as facemasks, face shields, gloves and protective clothing. As more information was made available by the scientific community in terms of possible treatments and repurposing of existing drugs, global demand quickly shifted to those products (e.g. hydroxychloroquine and remdesivir) and continued to evolve throughout 2020. More recently, the focus of many countries has shifted to securing supplies of COVID-19 vaccines and vaccination-related products. Thus, it should not come as a surprise that there is currently no commonly agreed list of products essential for combatting the COVID-19 pandemic.

With a view to providing guidance on the tariff classification of medical supplies and equipment needed to diagnose, treat and prevent COVID-19, the World Health Organization (WHO) and the World Customs Organization (WCO) have, so far, released five documents. Four of these documents seek to assist members in identifying the HS classification of relevant products, some of which have continued to evolve throughout the pandemic. Annex 1 provides a summary of these documents, including examples of the types of products covered by them.

Since the HS is the universal language used by customs administrations and traders around the world, providing guidance on the proper HS classification of these products has been a critical step in facilitating the cross-border movement of these essential goods. Once these products are identified, customs officers then know which of them benefit from expedited clearance and facilitated procedures, thereby ensuring that importation is as quick and smooth as possible. Unfortunately, from the statistical point of view, knowing how products are classified in the HS does not automatically translate into gathering detailed statistics on those products.

3. HOW ARE TRADE DATA NORMALLY COLLECTED AND COMPILED?

All WTO members' applied tariff schedules are presented at a more detailed level than standard HS six-digit classification. Trade data are collected by customs administrations for each transaction when goods are imported or exported as part of the customs clearance procedures. The data are recorded at the national tariff line level, with data entries that normally include the value of the merchandise, the quantity of the primary unit (e.g. kilogrammes), the quantity in a secondary unit if available (e.g. number of units), and the country of origin. Governments may also introduce statistical codes to gather more granular data beyond those provided by the national tariff line codes, and the statistical codes used to capture data for imports can be different to those used to capture data for exports.

[3] World Customs Organization, How to establish and utilize essential goods lists during a disaster, 13 May 2020.

The transaction-level data captured by customs administrations is then compiled with different aggregation levels so it can be used for analytical purposes without disclosing confidential business information. These data are shared with other government agencies to support trade monitoring and economic policymaking, and are published as part of the national trade statistics.

The officially vetted national trade statistics are shared at some point with international organizations, typically at HS six-digit or national tariff line levels, and are then aggregated to HS six-digit or higher levels and published in global trade databases, such as the United Nations Comtrade Database[4] and some of the WTO Data dissemination tools.[5] These databases are public goods, freely accessible to all. Annex 2 provides a detailed description of the number of ways in which trade data is captured and disseminated internationally.

Trade data are also available in a more granular form at the international level. At the WTO, all members are required to notify their applied tariffs, together with import statistics at the national tariff line level, to the WTO Integrated Database (IDB)[6] on an annual basis. The WTO Secretariat is uniquely positioned to process and disseminate officially vetted data following a standard procedure to align the import data with the applied tariffs so that they match perfectly, thereby considerably facilitating analysis. Currently, these data are made available to WTO members, 25 authorized international and regional organizations,[7] and the public at large. The overwhelming majority of these data is available at the tariff line level, with a few exceptions.

High-quality data at the national tariff line level make the WTO IDB a unique source of trade data. Compared with other databases that provide aggregated six-digit level information, the WTO IDB retains the granularity of trade flow and tariff data at the national tariff line level, which is critical in enabling governments to make informed decisions, researchers to conduct detailed product analysis, and trade practitioners to obtain accurate market information. It is essential for trade negotiators because most of the results of negotiations must be recorded at the national tariff level.

4. THE CHALLENGES OF MEASURING TRADE IN ESSENTIAL PRODUCTS TO COMBAT COVID-19

4.1. The HS six-digit level is not detailed enough, and national breakouts are not standardized

Since the outbreak of the COVID-19 pandemic, the WTO Secretariat has been monitoring trade in medical goods, including in a large number of pharmaceuticals, medical supplies, medical equipment, PPE and other essential goods. In early April 2020, the WTO published the first COVID-19 information note, which provided an overview of 164 WTO members' tariff and trade data on medical goods before the pandemic.[8] An updated version of this information note, in December 2020, provided an update of the trade data of over 90 economies in the first six months of 2020, and a fresh update, covering the whole of 2020, was published on 30 June 2021.[9] When preparing these information notes, the WTO Secretariat encountered several methodological challenges which complicated the task of arriving at precise trade statistics.

[4] See https://comtrade.un.org/.
[5] See https://data.wto.org/.
[6] See https://www.wto.org/english/tratop_e/tariffs_e/idb_e.htm.
[7] Currently, the authorized users include: 1) the African Union; 2) the Agency for International Trade Information and Cooperation (AITIC); 3) the Asian Development Bank (ADB); 4) the Caribbean Regional Negotiating Machinery (CRNM); 5) the Caribbean Community Secretariat (CARICOM); 6) the Commonwealth Secretariat; 7) the Economic Commission for Latin America and the Caribbean (ECLAC); 8) the European Bank for Reconstruction and Development (EBRD); 9) the European Free Trade Association (EFTA); 10) the Food and Agriculture Organization of the United Nations (FAO); 11) the General Secretariat of the Andean Community; 12) the International Coffee Organization; 13) the International Grains Council; 14) the International Monetary Fund (IMF); 15) the International Trade Centre (ITC); 16) the Organisation for Economic Co-operation and Development (OECD); 17) the Pacific Islands Forum Secretariat; 18) the Southern African Customs Union (SACU); 19) the South Centre; 20) the United Nations Conference on Trade and Development (UNCTAD); 21) the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP); 22) the United Nations Economic Commission for Africa (ECA); 23) the United Nations Economic Commission for Europe (UNECE); 24) the West African Economic and Monetary Union; and 25) the World Bank. See WTO official document G/MA/367 (available via https://docs.wto.org/) and minutes of the Committee on Market Access.
[8] "Trade in medical goods in the context of tackling covid-19".
[9] "Trade in medical goods in the context of tackling COVID-19: developments in the first half of 2020" and "Trade in medical goods in the context of tackling COVID-19: developments in 2020".

First, although the WTO IDB aggregates information at a national tariff line level and allows the possibility of identifying goods beyond the HS six-digit level, it is not easy to generate aggregate statistics across WTO members for product specificity beyond the standard subheading. The "eight-digit code" national tariff line codes are not standardized and do not, therefore, refer to the same products across different national tariff schedules.

For example, subheading 3926.90 was identified as relevant to combatting COVID-19 because "plastic face shields covering more than the eye area" are usually classified under this subheading. However, the scope of this HS subheading is much broader, as it covers all "articles of plastics and articles of other materials of heading 3901 to 3914, not elsewhere specified (excl. goods of 9619)". This catch-all use of "other" offers members an opportunity to sub-divide the subheading into smaller product clusters. For example, in a WTO IDB search for descriptions using the words "face shields", "safety" or "protect", the code 392690.10, used by Canada, corresponds to a long list of around 40 products, including "safety face shields designed for use by workers employed in hazardous work, and parts thereof". However, the same eight-digit code – 392690.10 – covers many other national definitions (see examples in Table 1) according to the WTO IDB – some do not refer to face masks at all and some are not even remotely "medical" in nature.

Table 1: Examples of national definitions referring to products covered by national tariff line with the code 3926.90.10

WTO member	Product definition
Canada	… Safety face shields designed for use by workers employed in hazardous work, and parts thereof; …
Jordan	Disposable bags for patient's use
Kenya	Floats for fishing nets
Norway	Shoe trees and lasts
Papua New Guinea	Seedling bags, having aeration and drainage holes
Seychelles	Drinkers, feeders & the like for use in agriculture & livestock improvement
United States	Buckets and pails, of plastics, nesoi[10]

Source: WTO Integrated Database.

This example indicates that even if the data were available at a more detailed level, without a consistent approach for the establishment of national subdivisions, it would still not be feasible to obtain an accurate and reliable global estimate for targeted products at a level beyond the HS six-digit level. Furthermore, not all countries have introduced subdivisions beyond the HS six-digit level for all products. For example, for textile face masks, 34 per cent of the national tariff schedules (or 46 notifying members) did not have any national breakdown for HS subheading 6307.90, in which textile face masks would be classified. Thus, not only would it be time-consuming and difficult to compile the relevant data for all members manually, it is not even possible to get the relevant data for some countries based on their current national schedule.

Second, relying on HS six-digit codes can lead to grossly overestimating the trade covered by the relevant products, and can lead to incorrect conclusions. Since only some of the products covered by the subheading are relevant, the trade value of the target product may only constitute a small portion of the recorded value for that subheading.

The special topic of the 2020 *World Tariff Profiles*[11] provided an example of this situation based on ambulances, which were considered by the WCO and WHO to be an essential COVID-19-related product.[12] Ambulances can be classified under any of the subheadings within HS heading "87.03", which include "motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars". However, the standard HS 2017 subheading descriptions are subdivided by type of engine and cylinder capacity, without any explicit mention of the end-use. Only a handful of members have established specific national tariff lines for "ambulances" in their national product breakdown.

The case of Mongolia, which provides a national breakdown for ambulances, illustrates this point. While the total imports in 2018 for Mongolia under heading 87.03 were US$ 407.8 million, the imports for the national tariff lines corresponding to "ambulances" accounted for only 1.3 per cent of that total. In other words, 98.7 per cent of the products that would be taken into account with the usual trade

[10] i.e. "not elsewhere specified or indicated".
[11] See https://www.wto.org/english/res_e/reser_e/tariff_profiles_e.htm.
[12] See https://www.wto.org/english/res_e/publications_e/world_tariff_profiles20_e.htm.

statistics at the six-digit level are a bad proxy for identifying trade in ambulances. This already small percentage is, in fact, an overestimate of imports of ambulances since the national definition is "Other, including ambulances", implying that the data include other vehicles as well. This example shows how overvalued the trade figures can be if the product to be measured constitutes only a small proportion of trade within the subheading.

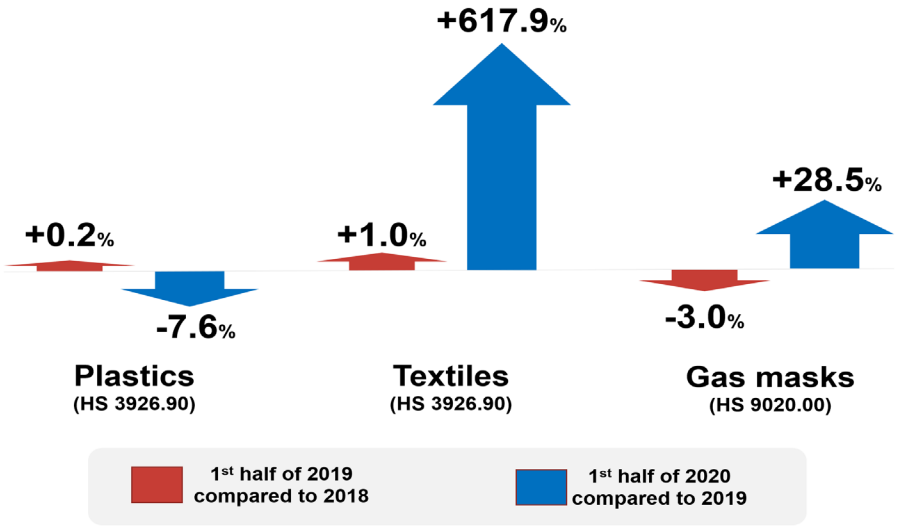
Table 2: Statistics estimated from Mongolia's 2018 most-favoured-nation (MFN) tariffs and imports notified to the WTO IDB

Data set description	Average applied MFN (%)	Imports (US$ million)	Share (%)
All national codes under HS heading "8703"	5%	407.8	100.0%
All national codes under HS subheading codes starting with "8703" including the word "ambulance" in the national description	5%	5.2	1.3%

Source: WTO Integrated Database.

It is only in some very specific circumstances that measurement at the HS six-digit level can be a good proxy for the real figure. A good example is the case study of face marks that was included in the December 2020 updated WTO information note on trade in medical goods.[13] Textile face masks are classified under HS subheading 6307.90, which covers all "Other made up articles of textile materials, incl. dress patterns, n.e.s. [i.e. not elsewhere specified]". As the subheading covers a wide range of textile products, identifying the actual share of textile face masks is not straightforward. Nonetheless, looking at previous statistics, it is highly likely that the exceptional year-on-year growth rates of 617.9 per cent for exports and 568.6 per cent for imports during the first half of 2020 were driven by the surge in demand for textile face masks (see Infographic 1 and Annex 3).

Infographic 1: Year-on-year growth rate for exports of face masks, by relevant HS subheading (year-on-year percentage change)



Source: WTO Secretariat…

The main limitation of this methodology is that it is highly dependent on the composition of the products under the subheading in question, and on the weighting in terms of value. For example, the pattern that was helpful when considering estimates of textile face masks could not be found with plastic face shields (HS 3926.90) and gas masks (HS 9020.00), which are also essential PPE, as identified in the WCO-WHO list. Trade in HS subheading 9020.00 showed an increase of 28.5 per cent,

[13] Trade in medical goods in the context of tackling covid-19: developments in the first half of 2020

which was likely driven by the export of gas masks, but the magnitude was much lower than that of textile masks. Indeed, exports under HS 3926.90, which classifies plastic face shields together with other miscellaneous plastics products, actually declined in the first half of 2020. However, this subheading covers a large amount of trade in a wide range of products, and the overall decline could obscure an increase in face shield exports.

4.2. New national breakouts to monitor essential products

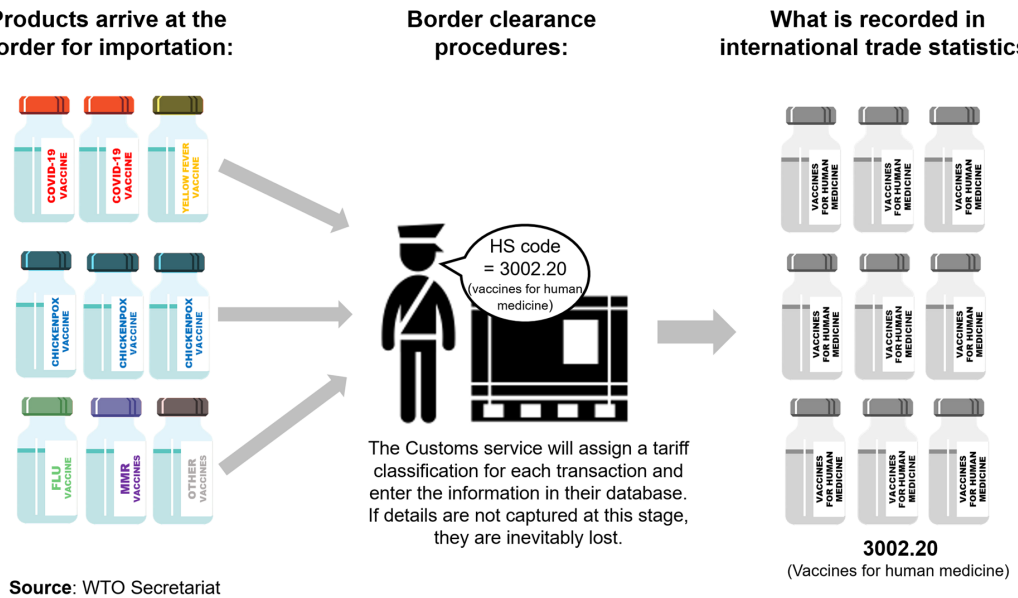
Despite the difficulty in precisely measuring essential goods at the international level, many countries have been taking action at the national level. This is normally done either by establishing national tariff lines (i.e. national or regional breakouts beyond the HS six-digit level) or by establishing statistical codes (i.e. codes beyond the national tariff line level that enable customs to differentiate imports).

Some members have already created new national breakouts, in the form of statistical codes, to monitor the imports or exports of essential goods. For example, one WTO member created a series of statistical codes in the national nomenclature to track imports of goods related to COVID-19. These products include chemical materials required for the standard COVID-19 PCR test. This type of reagent was classified under national tariff line 3822.00.50 "diagnostic reagents not containing antigens or antisera", while a new statistical code, 3822.00.50.50, specifically designates "diagnostic reagents based on polymerase chain reaction (PCR)". This new subdivision was added in July 2020 and has enabled the member to track the imports of this product with precision since the second half of 2020.

However, many other members have not put in place similar mechanisms. If customs officers include information in their databases based on the HS or national tariff lines, which is the usual practice around the world, and without capturing further details, then the trade statistics inevitably combine different types of products, thereby losing the more detailed and valuable information (i.e. because trade in the essential products is lumped together with many other commodities that fall under the same HS subheading).

For example, all "vaccines for human use" are classified under HS 3002.20. As is illustrated in Infographic 2, if no national subdivisions are created for a specific type of vaccine, the trade volume of COVID-19 vaccines is likely to be subsumed into the trade of all vaccines, including those for chickenpox, MMR (i.e. measles, mumps and rubella) or the ordinary seasonal flu. The absence of timely and precise monitoring of trade flows does not help with the deployment of vaccines, which is the most effective way to fight the current pandemic.

Infographic 2: Illustration of how important details to understand the impact of the pandemic are being lost: the COVID-19 vaccine example



Source: WTO Secretariat

4.3. Coordination is urgently needed

Even if the granular data could be captured correctly at the national level, it would only be a partial solution to address domestic monitoring needs. In the current circumstances, almost every member relies on international trade for the supply of goods essential to combat COVID-19, and the lack of high-quality, detailed global data will mean that the analysis on which trade policy decisions will be taken will not be sufficiently precise.

There are several reasons why members should try to address this data-sharing problem urgently.

- First, the most detailed national trade data is not readily available at the international level. Generally, customs transaction data and the most detailed statistical data are only available for internal government use, and these detailed statistics are not published. Those statistics that are published often take a long time to become available, a problem which is compounded by the fact that most members take even longer to provide that information to international organizations. The most granular data that international organizations can obtain is, at best, at the national tariff line level, which is currently not detailed enough to capture trade on COVID-19 essential products. Since time is of the essence, a faster and more efficient system should be devised.
- Second, even if members were to agree to make detailed information available, the data might not be comparable across the WTO membership. The national subdivisions created by some members to track trade in the relevant COVID-19-essential products might not be directly comparable across members in terms of coverage and/or national coding. Although resources could be devoted to compiling statistics manually, it is doubtful that such an operation would be efficient and sustainable, or that it would be timely enough for strategic planning. For this reason, members could try to standardize the way in which they collect this information (e.g. by using standardized product descriptions or tags that would then allow computer programmes to identify and compile the information) or, as an alternative, they could consider how the information might be compiled and aggregated into relevant categories as a solution to this problem.
- Third, while one obvious solution would be for the WCO's Harmonized System Committee to create new standard HS subheadings for COVID-19-essential goods, this process usually takes several years. Moreover, the WCO recently adopted a HS amendment that will be implemented on 1 January 2022 (HS 2022), and the next amendment cycle is set to conclude in 2027, which is too far into the future to be useful for the current pandemic – although it is worth noting that Article 16 of the HS does allow the WCO Council to adopt a recommendation to amend national tariff and statistical nomenclatures on an interim basis.[14]
- Finally, the pandemic is likely to continue to affect many members for several years to come. Food, medical supplies, medical equipment, PPE and medicines are all essential goods, and making vaccines available to all by means of global cooperation and efficient distribution is key to ending this crisis. Therefore, it is critical that members find a workable approach as soon as possible in order to be able to start compiling the relevant data for 2021 to facilitate international cooperation and better-informed decision-making.

A final point to make in terms of coordination is that governments are not the only possible source of relevant information, as private companies may also have an important role to play. For essential products, the production of which is concentrated in a small group of companies, as is the case for vaccines, it may be possible to establish public-private partnership to obtain more timely and precise information. Indeed, private companies have detailed information that they might be willing to volunteer, provided that adequate guarantees are provided by governments in terms of confidentiality and other considerations.

5. POSSIBLE OPTIONS FOR INCREASED INTERNATIONAL COOPERATION

Based on the above considerations, any initiative to tackle data problems and develop a system to properly monitor trade in essential products for the COVID-19 pandemic (or for future crises) should have three characteristics. First, it should be a collective effort, with as much participation as possible. Second, it should take into account the way in which trade statistics are initially collected by customs

[14] Source: WCO website, Amending the HS section, urgent changes.

agencies and disseminated at the international level. And third, it should be flexible so it can be adjusted to changing circumstances.

Some of members' options to improve international cooperation in measuring and sharing information on trade in COVID-19 essential products include the following:

Immediate and short-term measures:

- Take immediate action at the national or regional levels, as appropriate, to ensure that the relevant statistical information on trade in products that are essential to combat COVID-19 can be captured and that data for 2020/2021 are not entirely lost. This could be done, for example, by creating new national tariff lines and/or new statistical codes. Using identical numerical codes across all members is not necessary. Rather, what would be most valuable for a successful exercise would be to use product descriptions that can facilitate the types of essential products covered. These descriptions could be initially based on the work that has already been undertaken by the WHO and the WCO, including with respect to the terminology of the products associated with each HS code.
- Take immediate action to ensure that customs administrations capture the relevant information not only in terms of value and volume, where kilogrammes are the usual unit of measure but also, wherever possible, in terms of secondary statistical product units (e.g. number of units).
- On a voluntary basis, share the national list of essential goods and their HS classifications with other WTO members, e.g. in the context of the Committee on Market Access or other existing mechanisms. Once these lists are available, the Secretariat could compile and make them available via the WTO "Documents online" system[15] and/or the WTO website.
- Based on the existing information-sharing mechanisms (i.e. the WTO trade monitoring reports[16] and the WTO IDB), the WTO could play an active role in collecting and compiling the relevant information. More specifically:
    - Members could, on a voluntary basis, periodically submit quarterly/monthly trade (imports and exports) statistics of essential goods to WTO.
    - The WTO Secretariat could then:
        - Process the data;
        - Set up a data repository which members could access in order to conduct policy research and analysis; and
        - Produce reports as part of the trade monitoring reports.

Medium-term measures:

- Discuss and agree on a common list of essential products to be monitored at the multilateral level.
- To the extent possible, launch and facilitate public-private partnerships with relevant stakeholders in order to collect as much trade-related information as possible from multiple sources. This is particularly important for gathering production data and mapping supply chains for essential goods. For products that are manufactured by relatively few producers, and provided that adequate guarantees can be provided by governments in terms of confidentiality and other considerations, try to establish a mechanism by which private companies can voluntarily share relevant information.
- Discuss at the WCO's Harmonized System Committee whether an emergency recommendation could be issued to provide guidance for the creation of specific breakouts beyond the HS six-digit level that could be used collectively by members to improve trade monitoring in these products. To avoid disrupting the collection of data for the year 2021, this recommendation could be based on the new HS 2022 nomenclature with a view to begin the data collection from 1 January 2022.
- Explore possibilities for other international and regional organizations to cooperate on the collection and processing of these specific data.
- In the context of WCO's Harmonized System Committee, discuss additional steps that could be taken to improve the collection of relevant information with respect to COVID-19-essential products for the HS 2027 review cycle. This work could be based on the above-mentioned recommendations in the medium-term measures.

[15] See https://docs.wto.org/.
[16] See https://www.wto.org/english/tratop_e/tpr_e/trade_monitoring_e.htm.

ANNEX 1:
WCO-WHO DOCUMENTS WITH GUIDANCE ON HS CLASSIFICATION OF COVID-19 ESSENTIAL PRODUCTS

1. **WCO-WHO HS classification reference for COVID-19 Medical Supplies** (3rd edition, 4 June 2020).

This publication with a classification reference was initially prepared by the WCO and released in mid-March 2020, and it was quickly updated in a revised list of 9 April 2020 that was jointly developed with the WHO. The initial list contained the classification of essential products considered to be needed at the time, such as COVID-19 diagnostic test kits and masks, certain protective personal equipment and medical devices, such as ventilators and ECMO (extracorporeal membrane oxygenation), consumables and disinfectant products used for the prevention and treatment of the disease; the list was subsequently expanded to include additional items. The latest version of the HS classification reference (3.01 Edition) was issued on 2 June 2020 and includes a list of essential medical supplies compiled by approximately 16 WTO members and other economies and regional groupings.

This document includes information for the following categories of products:

- COVID-19 test kits/instruments and apparatus used in diagnostic testing
- Protective garments and the like, e.g.
    - Face and eye protection
    - Gloves
    - Other
- Disinfectants and sterilisation products
- Oxygen therapy equipment and pulse oximeters
- Other medical devices and equipment
- Other medical consumables
- Other (medical furniture, tents, etc.).

2. **List of priority medicines for customs during the COVID-19 pandemic – WHO Secretariats of INN Programme and EML** (1st edition, 30 April 2020).

On 30 April 2020, the WCO and the WHO released a List of priority medicines for customs during COVID-19 pandemic – WHO Secretariats of INN Programme and EML. The document listed medicines used in the general management of hospitalized patients and some medicines that were being used at the time as part of the direct treatment of COVID-19. Three types of medicine shortages were considered to be essential. It included not only the suggested HS codes for the products but also, where appropriate, their International Nonproprietary Names (INN), which is a list of known pharmaceutical substances or active pharmaceutical ingredients maintained by the WHO.

This document includes information on the following categories of products:

- Medicines used in the general management of hospitalized patients with COVID-19 (e.g. paracetamol, oxygen, etc.);
- Medicines used as part of the direct treatment of COVID-19 in hospitalized patients (e.g. chloroquine, remdesivir, etc.); and
- Medicines of which interrupted supply could result in serious health consequences (e.g. analgesics, anti-epileptics, cancer care medicines, etc.)

3. **Establishing and using a national list**: On 13 May 2020, the WCO also issued a Secretariat Note on "How to establish and utilize essential goods lists during a disaster". Several WTO members have developed their own lists in order to adopt measures to facilitate the importation of essential goods. More information on the trade-facilitating measures adopted by WTO members can be found in a WTO Secretariat information note of September 2020 entitled "How WTO members have used trade measures to expedite access to COVID-19-critical medical goods and services".

4. INN list 124 COVID-19 special edition (1st edition, 9 December 2020).

This document was developed by the Scientific Sub-Committee (SSC) of the Harmonized System Committee of the WCO jointly with the WHO, and seeks to provide reference classification for INN list 124 COVID-19 (special edition), which was published by the WCO on 26 October 2020. It was expected that, if progress on the treatment of the COVID-19 disease is achieved with any of the 25 listed substances, the movement of the relevant substance would increase across borders and therefore, its classification in the HS would facilitate trade.

5. WCO-WHO HS classification reference for vaccines and related supplies and equipment (1st edition, 21 January 2021).

Following the successful development, manufacturing and approval of several COVID-19 vaccines, the WHO and WCO released a new document with classification references for the products that will be required for the vaccination campaigns. This document includes information for the following categories of products:

- COVID-19 vaccines, test kits/instruments and apparatus used in diagnostic testing
- Disinfectants, medical consumables and equipment related to vaccines.

ANNEX 2:
HOW ARE TRADE DATA CAPTURED AND DISSEMINATED AT THE INTERNATIONAL LEVEL?

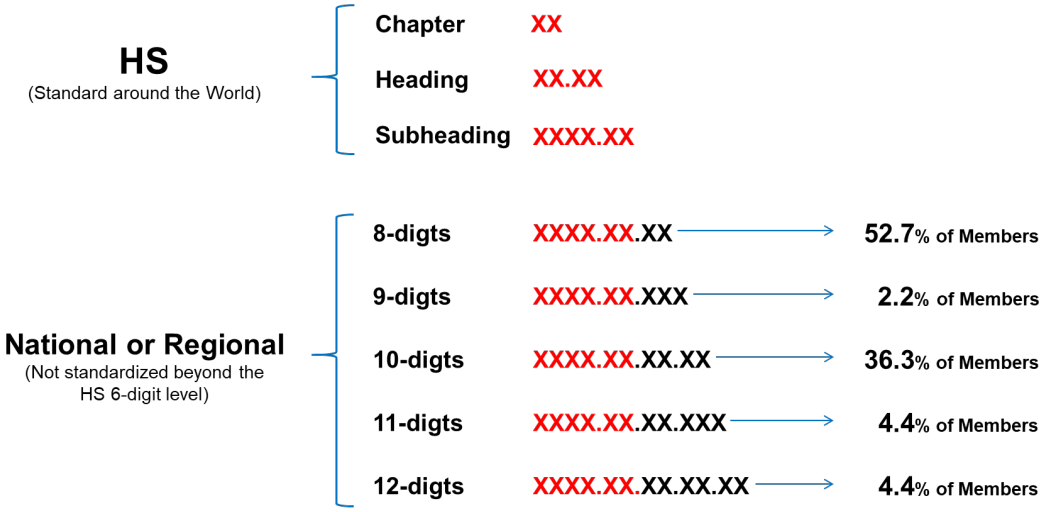
For the past 30 years, the HS has been the standard tool used by more than 200 customs territories to collect customs duties and compile trade statistics. It contains more than 5,000 product categories, or subheadings, each of which is identified by a six-digit numerical code following a hierarchical coding system. These six-digit codes are also the basis for compiling international trade data, and there is normally a long delay before members submit this information to the international organizations that compile and aggregate the information used for analysis.

When the HS is implemented at the national or regional levels, there is often a need to create more detailed categories beyond the standard HS six-digit categories for different purposes. For example, these more detailed categories may be needed to impose differentiated customs duties, enforce special customs procedures or monitor the trade flow of a subset of products classified under a HS subheading.

The HS Convention allows its contracting parties to "establish[ing], in its Customs tariff or statistical nomenclatures, subdivisions classifying goods beyond the level of the Harmonized System, provided that any such subdivision is added and coded at a level beyond that of the six-digit numerical code set out in" the HS. One of the most common practices is to create a national subdivision at eight or ten-digit levels, while keeping the first six digits identical to the standard HS nomenclature, although not all HS contracting parties need to create such subdivisions. National subdivisions, including national tariff lines or national statistical codes, are normally published in national tariff schedules.

All WTO members' applied tariff schedules are presented at a more detailed level than standard HS six-digit classification. Approximately 52.7 per cent of WTO members use eight-digit nomenclatures, while 36.3 per cent use more detailed ten-digit codes, and approximately 8.8 per cent use a nomenclature with 11 digits or more (see Infographic 3). As a result of these national subdivisions, while there are 5,387 standard HS subheadings in the HS 2017 version, the least disaggregated applied national schedule has 5,519 tariff lines, while the most detailed has as many as 18,278 national lines. However, it is also common to have situations in which members do not create subdivisions beyond the standard HS six-digit level, which is typically denoted by adding zeroes at the end of the code.

Infographic 3: Distribution of national tariff schedules by number of digits used at the national tariff line level



Source: WTO Integrated Database.

ANNEX 3:
WORLD EXPORTS AND IMPORTS OF FACE MASKS BY HS SUBHEADING

HS subheading and standard description	Value in US$ million				
	2018		2019		2020
	S1	S2	S1	S2	S1
EXPORTS					
3926.90 – Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.*	31,475	30,969	31,523	31,997	29,142
6307.90 – Made-up articles of textile materials, incl. dress patterns, n.e.s.	5,474	5,671	5,528	5,992	39,687
9020.00 – Breathing appliances and gas masks	958	957	929	912	1,194
IMPORTS					
3926.90 – Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	31,217	30,644	31,251	31,180	28,636
6307.90 – Made-up articles of textile materials, incl. dress patterns, n.e.s.	6,038	6,466	6,499	6,830	43,453
9020.00 – Breathing appliances and gas masks	854	846	855	825	1,427

HS subheading and standard description	Year-on-year semestral growth rate (%)		
	S1 2019/18	S2 2019/18	S1 2020/19
EXPORTS			
3926.90 – Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	0.2	3.3	-7.6
6307.90 – Made-up articles of textile materials, incl. dress patterns, n.e.s.	1.0	5.7	617.9
9020.00 – Breathing appliances and gas masks	-3.0	-4.7	28.5
IMPORTS			
3926.90 – Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	0.1	1.7	-8.4
6307.90 – Made-up articles of textile materials, incl. dress patterns, n.e.s.	7.6	5.6	568.6
9020.00 – Breathing appliances and gas masks	0.1	-2.5	66.9

HS subheading and standard description	Growth rate over previous half year (%)			
	S2 18/ S1 18	S1 19/ S2 18	S2 19/ S1 19	S1 20/ S2 19
EXPORTS				
3926.90 – Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	-1.6	1.8	1.5	-8.9
6307.90 – Made-up articles of textile materials, incl. dress patterns, n.e.s.	3.6	-2.5	8.4	562.3
9020.00 – Breathing appliances and gas masks	-0.1	-2.9	-1.8	30.9
IMPORTS				
3926.90 – Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	-1.8	2.0	-0.2	-8.2
6307.90 – Made-up articles of textile materials, incl. dress patterns, n.e.s.	7.1	0.5	5.1	536.2
9020.00 – Breathing appliances and gas masks	-0.9	1.1	-3.5	73.0

* n.e.s. is "not elsewhere specified".

Source: WTO Secretariat