TRADE POLICY RESPONSES TO COVID-19

WORLD BANK GROUP
Macroeconomics, Trade & Investment
Figure 1 (WHO). Number of confirmed COVID-19 cases reported in the last seven days, 19 to 25 May
Developing countries depend on imports of critical covid-19 products

Average vulnerability in terms of concentration of imports of covid-19 products

Source: Espitia, Rocha, Ruta (2020). “Database on COVID-19 trade flows and policies”. Note: The concentration of imports is calculated as the average, across all covid-19 products, of the sum of the import shares from top-3 exporters. $\text{Imp concentration}_i = 100 \times \frac{\sum_{n=1}^{N} \sum_{k=1}^{K} \text{imp}_{ijn} / \text{Tot imp}_{in}}{N}$, where $i$, $j$, $k$, and $n$ are respectively importer, exporter, exporter rank and product.
Exports of medical supplies & medicines: 85 jurisdictions are reported executing a total of 156 export controls since the beginning of 2020

Updated on 15 May 2020

Source: Information collected by the Global Trade Alert team as part of a joint project with the European University Institute and the World Bank. Policy changes identified from official decrees, regulations, and announcements and from media reports. Some policy measures are announced to the press before implementing regulations are published. Information based on media reports is updated when an official state act is located. Date of first relevant policy information by a jurisdiction was used to prepare this map. The information collection methodology as well as the worksheet of information on policy change used to construct the latest version of this map can be downloaded from https://www.globaltradealert.org/reports/54 (Please copy & paste this URL into your browser).
Some restrictions on food exports, but not widespread yet

As of May 8, 27 countries implemented a total of 38 export controls on food since the outbreak of the pandemic.

Uncooperative trade policy could have significant impact on food security in import dependent countries

Trade-weighted increases in food prices in import dependent countries, retaliation scenario

What role for trade policy in pandemic mitigation and recovery?

❖ Facilitating access to essential medical goods and supplies
❖ Supporting consumption of essential items and limiting impacts on the poor
❖ Supporting exporters to maintain jobs and foreign exchange earnings
❖ Shielding the economy from COVID downturn
❖ Streamlining regulatory and border procedures to facilitate access to COVID-19 related medical goods and essential food products
**Trade Policy Don’t’s**

- Limiting investment in and access to essential COVID-19 related medical goods and supplies by imposing export taxes or bans on COVID-19 related medical goods, the materials used to produce them or agricultural products.

- Undermining consumption of essential goods or restrict exports by arbitrarily closing borders. Work with neighbors to implement containment measures, including distancing, while allowing commerce to flow as much as possible.

- Imposing trade restrictions to protect domestic industries adversely affected by falling demand. There are other measures of support for temporarily affected sectors that will be more effective in maintaining output and less damaging to the economy and to the poor.
Collective solutions and international cooperation are key to tackling a pandemic that is indifferent to borders

- An open, rules-based, world trading system is essential to the stability, predictability and smooth-functioning of the global economy.
- Its importance must be reaffirmed at a time when the system remains under acute pressure.
- Amidst the pandemic, the World Bank continues to promote trade through research, evidence, and hands-on support.