Natural disasters and trade

4th Symposium
Natural Disasters and Trade
29 November 2019

"Shocks and hazards may be natural, but disasters depend on us"

Elhadj As Sy, IFRC Secretary General

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Understanding disaster risk

Hazard

+

Exposure

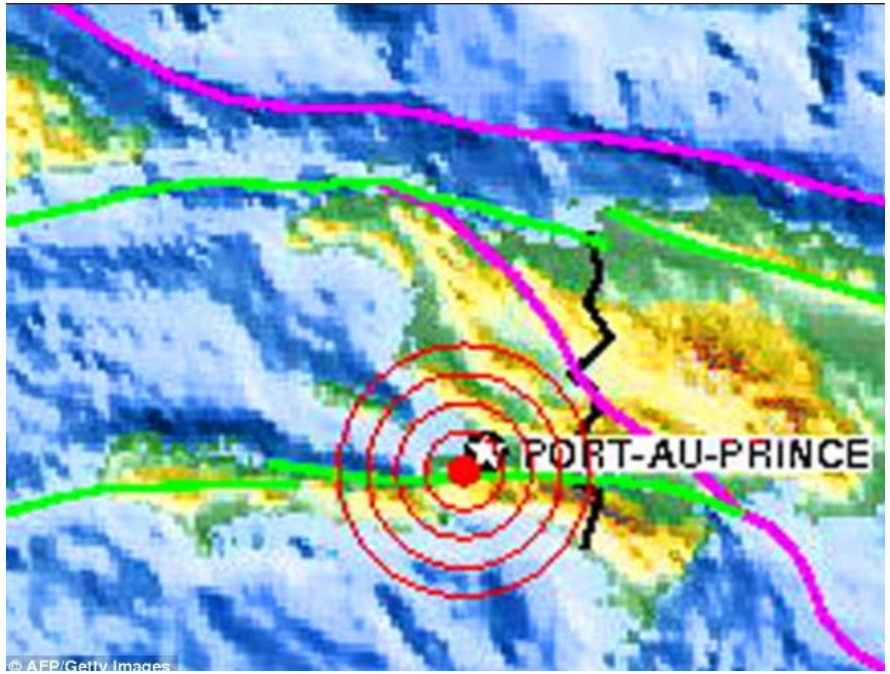
+

Vulnerability

=

Disaster

Comparable hazard events, different impacts



Country and size	Damage reported	Deaths reported
Chile (8.8 earthquake Richter scale and tsunami) 27 February 2010	17% of GDP USD 30 billion	577
New Zealand (Earthquakes 7.1 & 6.3 Richter scale) 4 September 2010 and 22 April 2011	10% of GDP USD 20 billion	185
Haiti (Earthquake 7.3 Richter Scale) 12 January 2010	112% of GDP USD 7.8 billion	220,000

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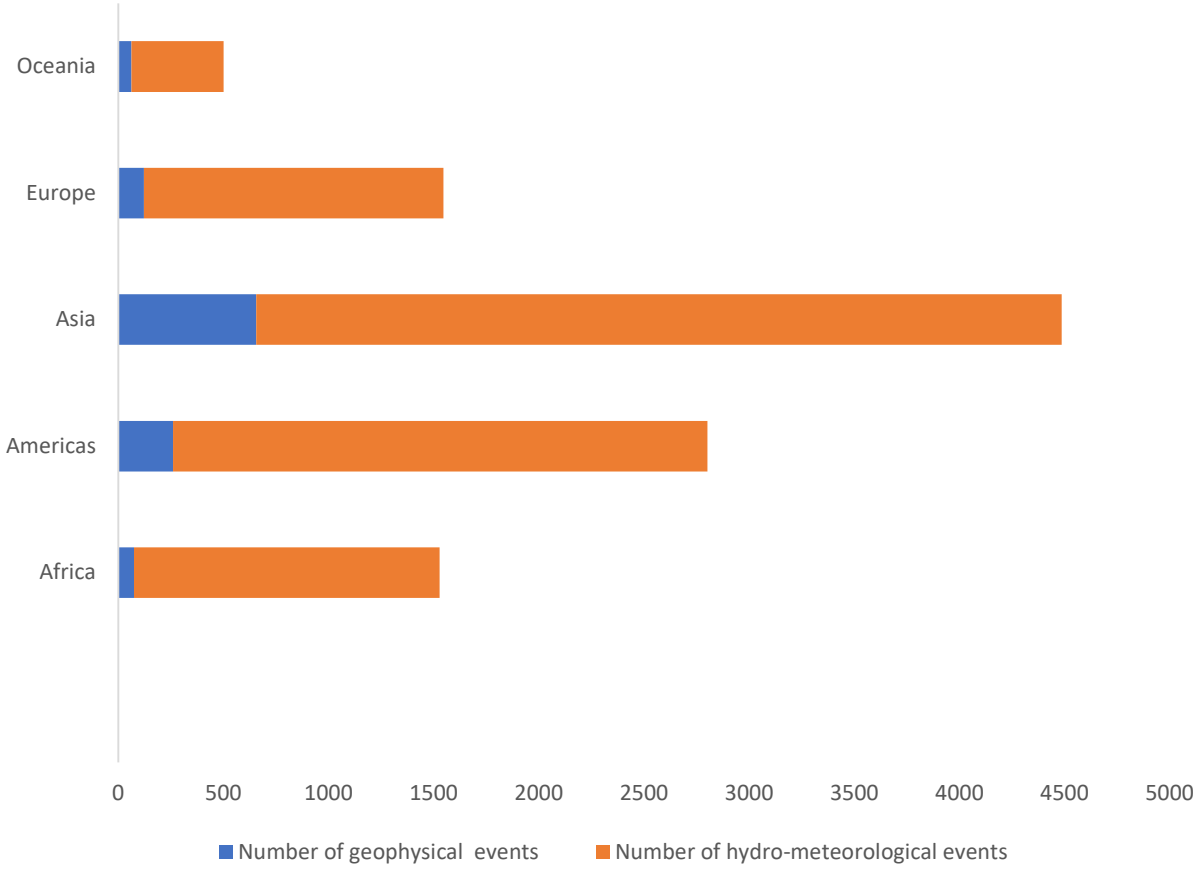
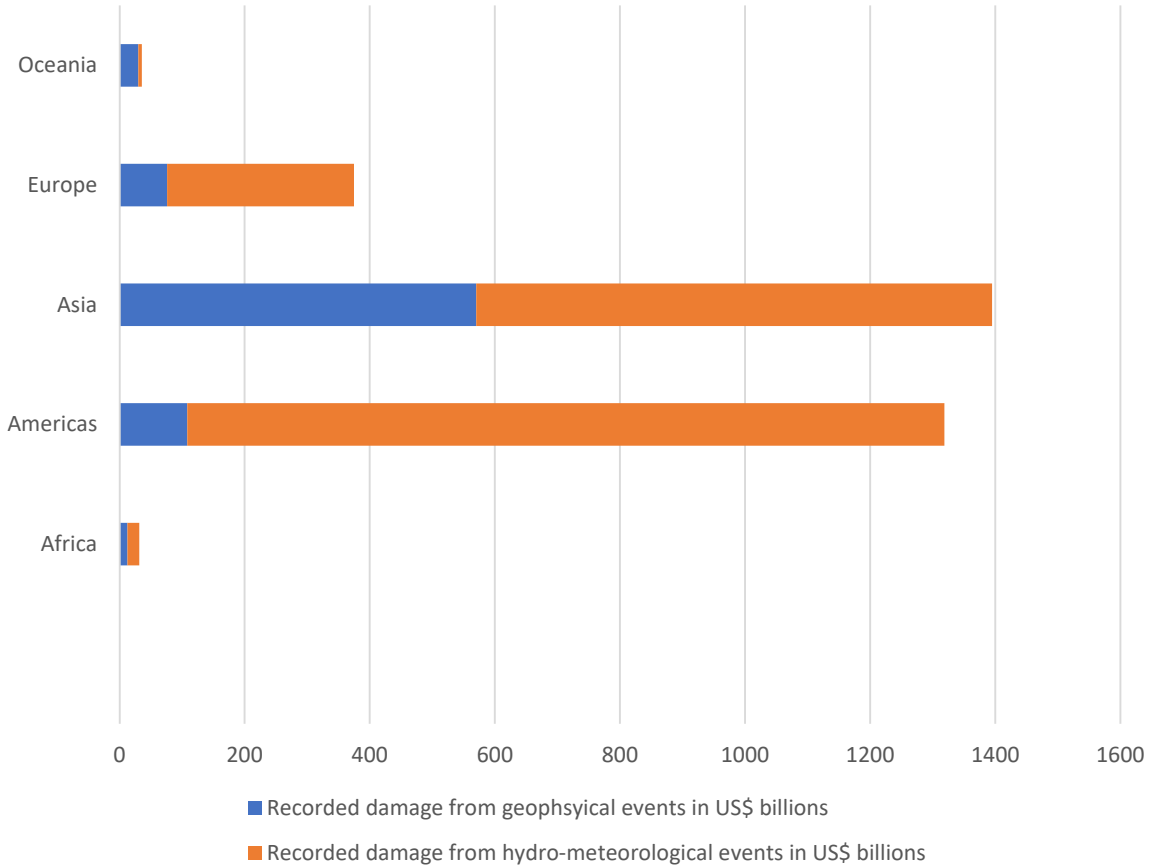
Reported events vs reported damage 1980-2017



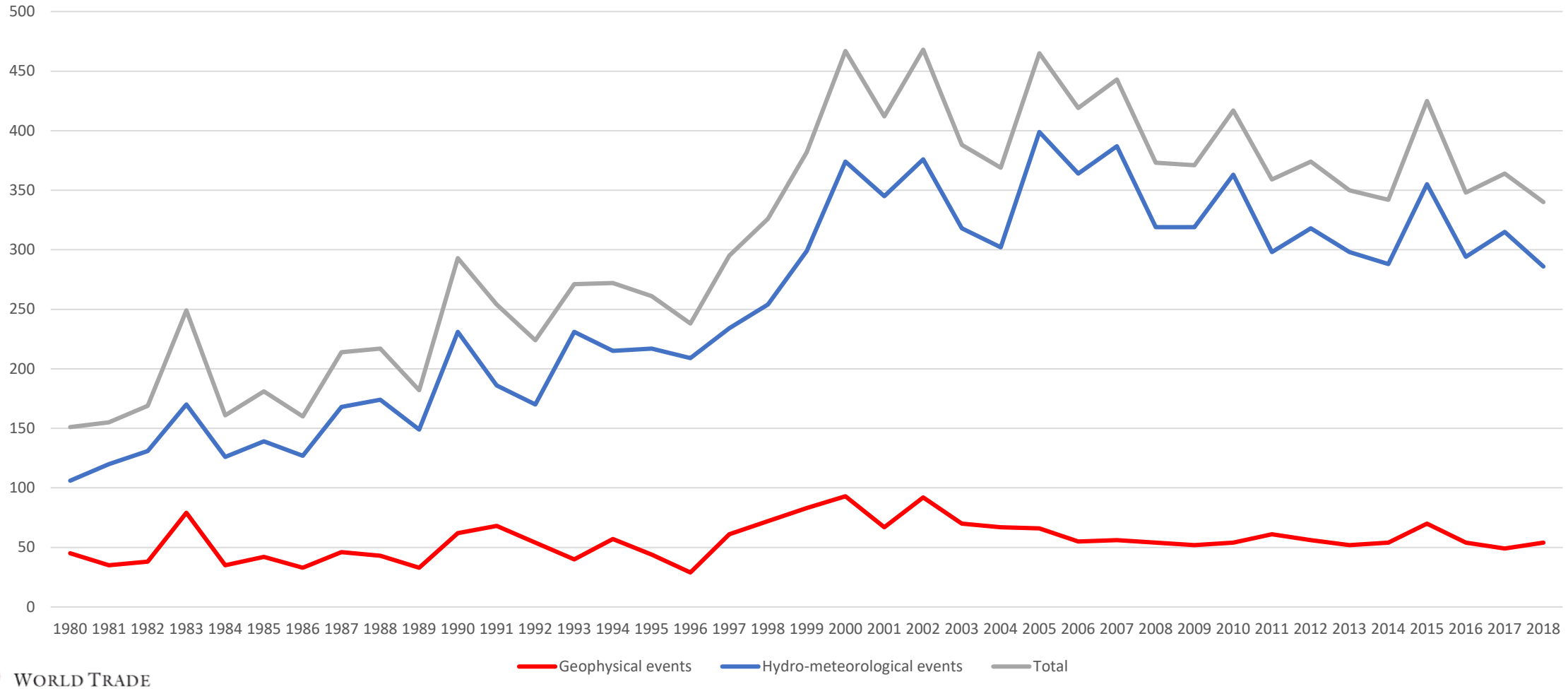
Regional breakdown in numbers



Breakdown by damage USD billions

Source: Emergency Events Database (EM-DAT)

Natural disaster events
1980 - 2018



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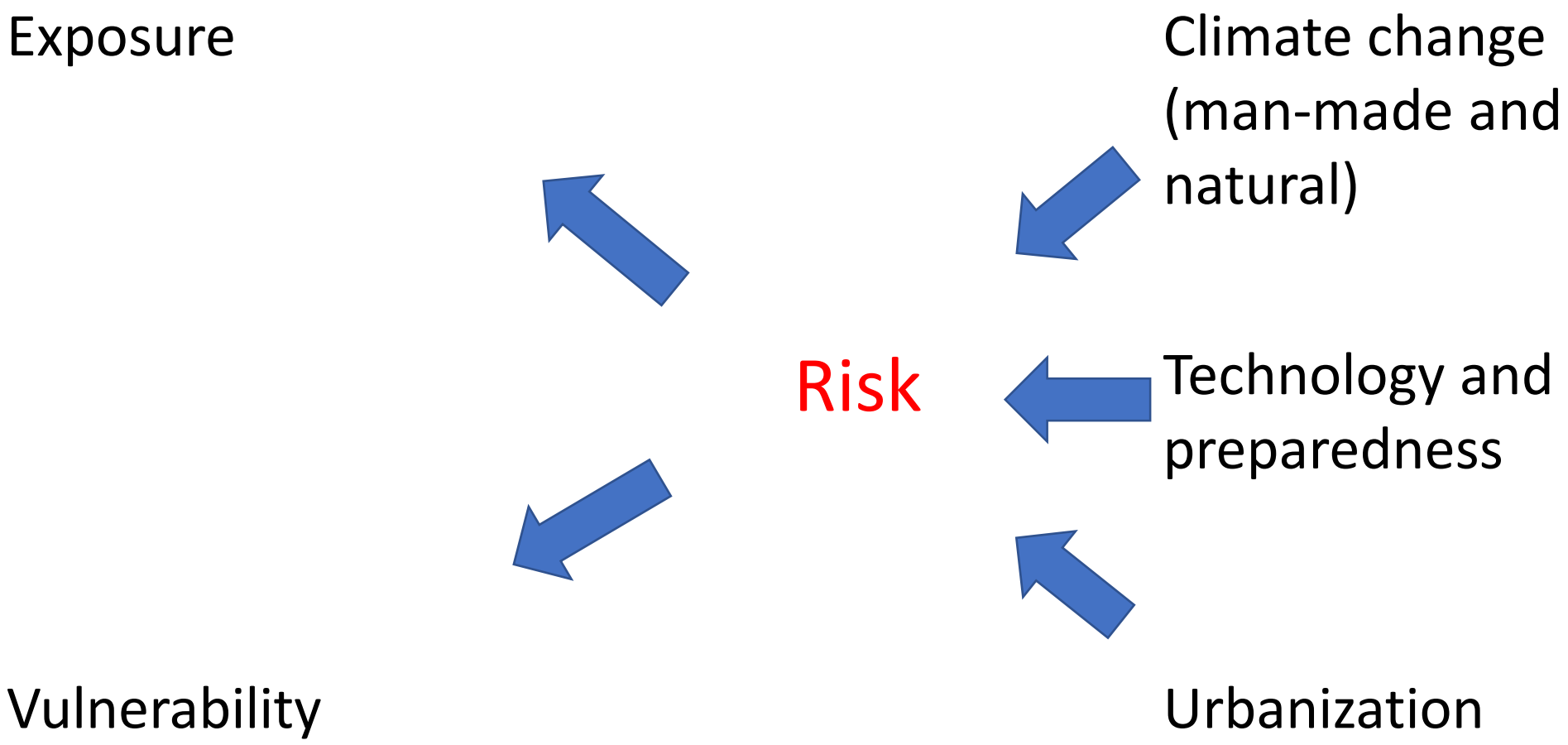
Source: Emergency Events Database (EM-DAT)

Disaster risk is dynamic, not static



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Calculating losses: different method, different perspective

Highest monetized losses (1998-2017)

	Absolute losses in USD billions
USA	944.8
China	492.2
Japan	376.3
India	79.5
Germany	57.9
Italy	56.6
Thailand	52.4
Mexico	46.5
France	43.3

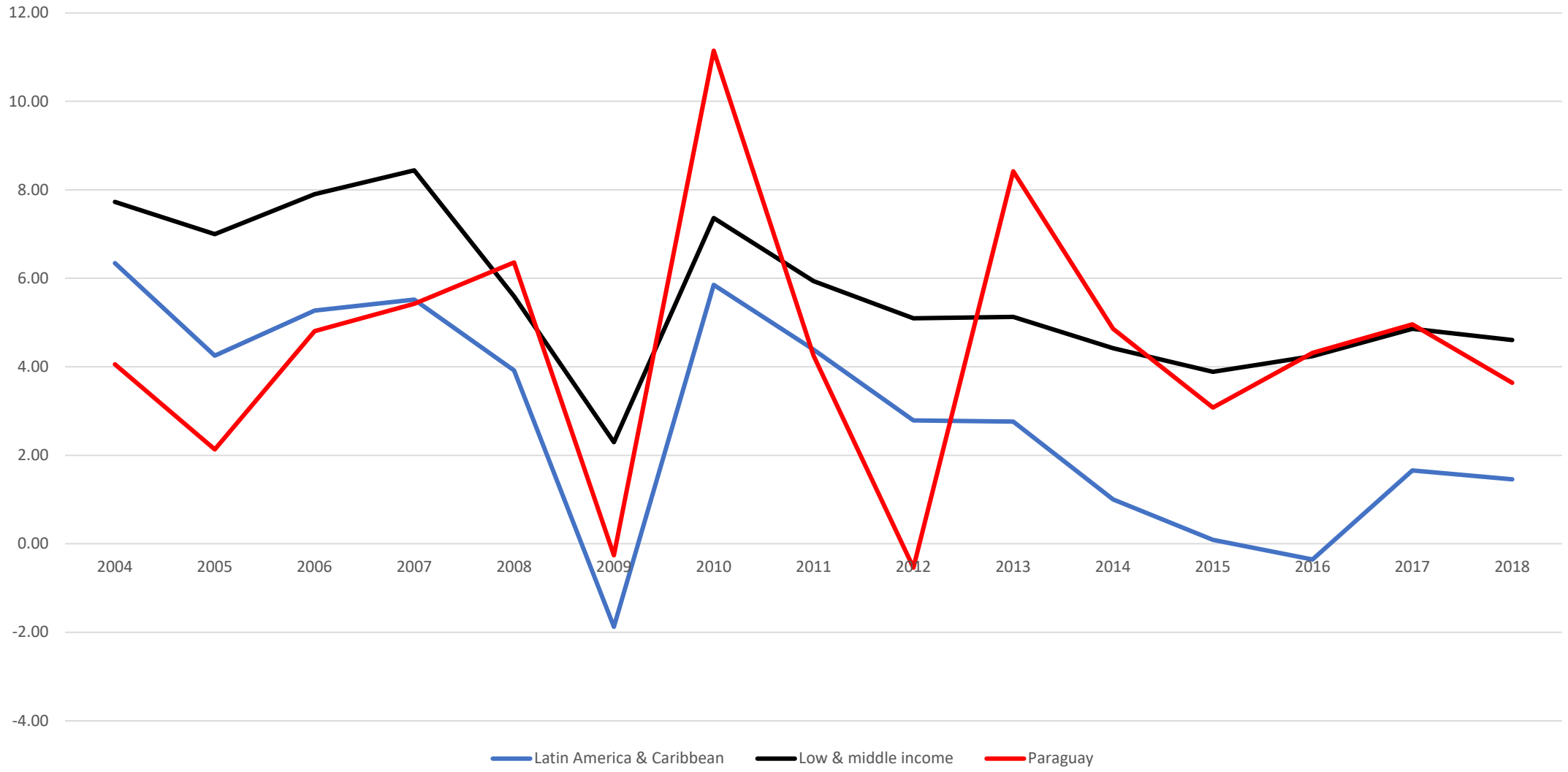
Source: UNDRR 2018

Losses as a % of GDP (selected)

Member	Events	Damage as % GDP
Dominica	Storm Erika (2015)	90%
	Hurricane Maria (2017)	225%
Nepal	Earthquakes (2015)	33%
	Monsoon trough (2017)	3%
Vanuatu	Tropical Cylcone Vania (2011)	6.3%
	Tropical Cyclone Pam (2015)	64%

Caribbean emerges as badly affected among small states

Disasters don’t always travel alone



Impact of the global economic crisis and drought on Paraguay's GDP growth (2005-18)

Source: World Bank Databank

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Trade policy reviews: January 2010 – September 2019

172 Trade Policy Reviews

31% refer to a natural disaster

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Measures reported in TPRs

Response:

Customs and VAT exemptions
Temporary tariff reductions
Export restrictions

Recovery:

Price controls on essential services/goods
Support measures (farmers and fishers)
One reference to MSME support

Resilience:

Drought resistant varietals
Food security laws
Public stockholding
Index insurance
Mandatory insurance
Foreign exchange reserves

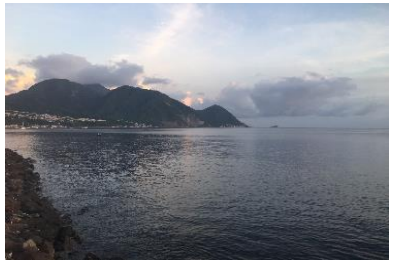
Recalling the findings from country research

1. Hazards and macro-economic effects

- Repeated exposure to hazards
- Economic growth contraction
- Sluggish export growth
- Import surges
- Balance of payments and debt issues

2. Trade and Disaster Response

- Unsolicited bilateral donations
- Trade facilitation issues
- Entry of service providers
- Banking restrictions



3. Trade and Disaster Recovery

- Differential sectoral recovery rates
- Access to finance (MSMEs)
- Pressure on manufacturing
- Productions cycles in agriculture
- SPS and TBT risks

4. Trade and Disaster Resilience

- International standards
- Government procurement
- Environmental services
- Insurance protection gap
- Weather enterprise
- Expanding renewable energy