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
Understanding disaster risk

Hazard + Exposure + Vulnerability = Disaster
Comparable hazard events, different impacts

<table>
<thead>
<tr>
<th>Country and size</th>
<th>Damage reported</th>
<th>Deaths reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chile</strong>&lt;br&gt;(8.8 earthquake Richter scale and tsunami)&lt;br&gt;27 February 2010</td>
<td>17% of GDP USD 30 billion</td>
<td>577</td>
</tr>
<tr>
<td><strong>New Zealand</strong>&lt;br&gt;(Earthquakes 7.1 &amp; 6.3 Richter scale)&lt;br&gt;4 September 2010 and 22 April 2011</td>
<td>10% of GDP USD 20 billion</td>
<td>185</td>
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<tr>
<td><strong>Haiti</strong>&lt;br&gt;(Earthquake 7.3 Richter Scale)&lt;br&gt;12 January 2010</td>
<td>112% of GDP USD 7.8 billion</td>
<td>220,000</td>
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</tbody>
</table>
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

Source: Emergency Events Database (EM-DAT)
Disaster risk is dynamic, not static

Exposure  Climate change (man-made and natural)

Risk  Technology and preparedness

Vulnerability  Urbanization
Calculating losses: different method, different perspective

### Highest monetized losses (1998-2017)

<table>
<thead>
<tr>
<th>Member</th>
<th>Absolute losses in USD billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>944.8</td>
</tr>
<tr>
<td>China</td>
<td>492.2</td>
</tr>
<tr>
<td>Japan</td>
<td>376.3</td>
</tr>
<tr>
<td>India</td>
<td>79.5</td>
</tr>
<tr>
<td>Germany</td>
<td>57.9</td>
</tr>
<tr>
<td>Italy</td>
<td>56.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>52.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>46.5</td>
</tr>
<tr>
<td>France</td>
<td>43.3</td>
</tr>
</tbody>
</table>

### Losses as a % of GDP (selected)

<table>
<thead>
<tr>
<th>Member</th>
<th>Events</th>
<th>Damage as % GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominica</td>
<td>Storm Erika (2015)</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>Hurricane Maria (2017)</td>
<td>225%</td>
</tr>
<tr>
<td>Nepal</td>
<td>Earthquakes (2015)</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Monsoon trough (2017)</td>
<td>3%</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>Tropical Cyclone Vania (2011)</td>
<td>6.3%</td>
</tr>
<tr>
<td></td>
<td>Tropical Cyclone Pam (2015)</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: UNDRR 2018

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
Trade policy reviews: January 2010 – September 2019

172 Trade Policy Reviews

31% refer to a natural disaster
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