5 Things you didn’t know about export restrictions of medical products & COVID-19

Prof. Roy Santana
WTI workshop, 24 April 2020
Some 80 countries have introduced export restrictions (has it stopped?)

<table>
<thead>
<tr>
<th>Categories of products</th>
<th>No. of countries / territories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face and eye protection</td>
<td>73</td>
</tr>
<tr>
<td>Protective garments</td>
<td>50</td>
</tr>
<tr>
<td>Gloves</td>
<td>47</td>
</tr>
<tr>
<td>Sanitizers &amp; Disinfectants</td>
<td>28</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>20</td>
</tr>
<tr>
<td>Foodstuffs</td>
<td>17</td>
</tr>
<tr>
<td>Medical devices, incl. ventilators</td>
<td>10</td>
</tr>
<tr>
<td>Other medical supplies</td>
<td>10</td>
</tr>
<tr>
<td>COVID-19 test kits</td>
<td>6</td>
</tr>
<tr>
<td>Soap</td>
<td>3</td>
</tr>
<tr>
<td>Toilet paper</td>
<td>2</td>
</tr>
</tbody>
</table>

Total: 80 countries / territories (As of 22 April 2020)

Source: WTO Secretariat

Link to source
Trade in essential medical products has suffered an unprecedented \textit{triple whammy}

1. Demand shock
2. Supply shock
3. Disruption of global transport services (air, land, and sea)

The perfect storm for supply chains?
The world experienced a supply shock on foodstuffs a few years ago (2007-2012)

- Series of localized events; not global
- 11 countries; mostly rice (40%) and wheat (27%)
- 251 export-restrictive measures
- Mostly took the form of:
  - Export quotas (32%)
  - Export taxes (26%, not covered by Art. XI)
  - Export licenses (15%)
  - Some trade could still flow
- In place on average for 539 days

Source: JOB/AG/175
WTO rules allow export restrictions (if certain conditions are met)

Export prohibitions and restrictions are generally prohibited by Article XI:1 of the GATT, but there are carve-outs and exceptions, including:

XI:2(a): "export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party"

XX:b: necessary to protect human ... life or health;

But does it make sense to impose them?
Export restrictions may back-fire in the long term

**Short-term**
- Exporting country secures supply
- Impact on importing countries depends on size of exporter; if large, could be seriously affected

**Long-term**
- ↓ domestic price; ↑ foreign price
- ↓ incentive to produce
- ↑ incentive to smuggle out
- “Boomerang effect”
- Domino effect
What’s the future?

Let’s go back to normal vs Everything must change

International cooperation vs Nationalism & deglobalization

Rethink GVCs (less concentrated) vs Local production

New stockpiling systems?
Why is it that all the new publications say something like “trade in the time of Coronavirus” or similar?
Thank you!
Roy Santana

**Might be of interest:**

- WTO - Reports on COVID-19 and trade: [Link](#)
- WTO - Report on export restrictions and COVID-19: [Link](#)
- WTO - Report on worldwide trade in medical products: [Link](#)
- WTO - Trade set to plunge as COVID-19 pandemic upends global economy: [Link](#)
- WHO & WCO list of COVID-19 medical supplies: [Link](#)
- Santana, R., International Trade in Times of COVID-19: [Link](#)