

Alan Wm. Wolff
Deputy Director General,
WTO
Geneva, Switzerland
1 April 2020

This virtual talk produced for the members of the Washington International Trade Association is designed to pull together in one place the highlights of official trade policy pronouncements and proposals made in the last three weeks as governments, business groups and trade experts react to the spread of the novel coronavirus.

The Extinction of Dinosaurs and the Coronavirus

Some 65 million years ago, the dinosaurs that had populated the earth became extinct. One theory is that a huge asteroid hit the earth and a dust cloud filled the atmosphere, choking the dinosaurs to death.¹ The facts are a bit more complicated. The dinosaurs lacked several key attributes that might have helped them survive. They were not known for their forward planning. In fact, their thought processes appear to have been generally very narrow and slow. Their social organization was characterized by a seeming lack of care for other species of dinosaurs. In short, their ability to create an effective collective response to their predicament was nil.

Untold thousands of millennia later, humans are facing a serious crisis. If not collectively existential, it is nevertheless extremely serious. As a society, our cycle times – getting ideas, agreeing to a plan of action, and acting – are too slow. The mega-challenges faced are actually two-fold: the threat to human health, and, following hard on the heels of that challenge, the threat to the world economy, and at a personal level, the loss of jobs and savings.

Trade measures in a time of pandemic

Central bankers and finance ministers are used to taking emergency coordinated action to lower interest rates and provide fiscal stimulus when there is a sharp economic downturn. This has not been generally true of trade ministers. Trade ministers have not been called upon to act together to counter a world economic downturn since the Financial Crisis in 2008. The multilateral trading system responded very well then, holding the line against protectionist measures. All that was called for at the time was inaction – not imposing new restrictions. This time, the challenge is much greater. While it includes not taking measures that may cause harm to one's own population as well as to peoples living outside a country's borders, it goes beyond that, to consider what might be done as components of a sensible positive response.

¹ <https://www.history.com/topics/pre-history/why-did-the-dinosaurs-die-out-1>.

Cycle time and the acceleration of events. It is said that if a brontosaurus was bitten on its tail, it would take a long time for the signal that that had happened to reach its brain. Sapiens operating as part of societal organizations are better than that. The cycle time does not equal that of instant messaging, but the fact is that around the planet, health professionals, researchers in laboratories, mechanical engineers in textile mills and automobile plants, software engineers working on 3D printing and a vast array of innovators are working on what is and will become the global response to the coronavirus.

- **The timeline to date of the on-site responses as seen from the Centre William Rappard, WTO's headquarters building in Geneva Switzerland.**

On 2 February 2020, the New York Times quoted Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Disease, as saying: "It's very, very transmissible, and it almost certainly is going to be a pandemic. But will it be catastrophic? I don't know." (When I landed in Addis Ababa on 10 February, all airport personnel were wearing face masks. No masks were in evidence in the airports in Switzerland).

- On 2 March, the Swiss authorities visited the WTO and suggested handwashing, avoiding kissing, shaking hands and hugging. They urged the WTO Secretariat to use common sense.
- On 6 March, a list was drawn up of staff members who should be able to work from home, if a decision were taken to permit that.
- On 9 March, those with symptoms were asked to stay at home.
- On 10 March, the first confirmed case of the coronavirus infecting a staff member was notified to all staff. On the same day, all WTO delegates meetings were cancelled for the next ten days. Staff with vulnerabilities with respect to health were told to work from home until the end of the month.
- On 12 March, the Government of Kazakhstan informed the WTO that the Twelfth WTO Ministerial Conference scheduled for 8-11 June would not take place.
- On 13 March, those with young children at home due to school closures were told that they could work from home.
- On 14 March, the WTO premises were closed. All WTO meetings were suspended until the end of April.
- On 15 March, a list was created of 24 staff members who would be given permanent access to the WTO headquarters building.
- On 16 March, the Swiss cantonal authorities closed all bars and restaurants, and other public places. All WTO staff were as of that date instructed to work from home through March 31 with the exception of a very few who provided services to others.

- On 21 March, the WTO Health Task Force circulated an official Swiss regulation that not more than five persons could gather in one place and that even those should stay 2 meters apart from each other.
- On 23 March, even those given permanent access were barred from entry into the WTO building. This did not prevent on-site critical staff, such as IT service providers, from working there.
- On 26 March, all staff were requested to work from home until the end of April.
- On 27 March, the access to the building was curtailed further and a zero-contact protocol was announced for the building, sharply curtailing the space in which any critical staff could work.
- As of 4 am on 1 April, the number of people testing positive in Switzerland was 16,605 and the death toll was 433.²

Coordinated policy responses timeline (to date)

- On 21 March, New Zealand and Singapore committed to keeping supply chains open.
- On 25 March, Australia, Brunei, Canada, Chile and Myanmar joined this pledge.

Canada, Australia, Chile, Brunei and Myanmar have joined forces with New Zealand and Singapore by committing to keep supply chains open and remove any existing trade restrictive measures on essential goods, especially medical supplies, in the face of the COVID-19 crisis.

Trade and Export Growth Minister David Parker today welcomed the announcement.

"I welcome the commitment made by Canada, Australia, Chile, Brunei and Myanmar in joining New Zealand and Singapore to help ensure our citizens can access the important goods and medical supplies we need in this time of global crisis," David Parker said.

"It is important we have assurance from some of our key partners that trade lines between us will remain open, including via air and sea freight, to facilitate the flow of goods including essential supplies.

"Trade policy on its own can't solve the problems and challenges we face, but it can and must be part of the solution. We are thinking about next steps to give

² Switzerland has very limited testing available but has the highest number of tests per million of population of any country according to the Financial Times.

practical and swift effect to our shared commitment to address the global pandemic through global cooperation."

JOINT MINISTERIAL STATEMENT BY AUSTRALIA, BRUNEI DARUSSALAM, CANADA, CHILE, THE REPUBLIC OF THE UNION OF MYANMAR, NEW ZEALAND AND SINGAPORE

The COVID-19 pandemic is a serious global crisis. As part of our collective response to combat COVID-19, Australia, Brunei Darussalam, Canada, Chile, the Republic of the Union of Myanmar, New Zealand and Singapore are committed to maintaining open and connected supply chains. We will also work closely to identify and address trade disruptions with ramifications on the flow of necessities.

We recognize that it is in our mutual interest to ensure that trade lines remain open, including via air and sea freight, to facilitate the flow of goods including essential supplies.

We affirm the importance of refraining from the imposition of export controls or tariffs and non-tariff barriers and of removing any existing trade restrictive measures on essential goods, especially medical supplies, at this time.

We are committed to working with all like-minded countries to ensure that trade continues to flow unimpeded, and that critical infrastructure such as our air and seaports remain open to support the viability and integrity of supply chains globally.

- On 26 March, the G20 Leaders had a virtual meeting and issued a declaration that provides respect to international trade:

Addressing International Trade Disruptions

Consistent with the needs of our citizens, we will work to ensure the flow of vital medical supplies, critical agricultural products, and other goods and services across borders, and work to resolve disruptions to the global supply chains, to support the health and well-being of all people.

We commit to continue working together to facilitate international trade and coordinate responses in ways that avoid unnecessary interference with international traffic and trade. Emergency measures aimed at protecting health will be targeted, proportionate, transparent, and temporary. We task our Trade Ministers to assess the impact of the pandemic on trade.

We reiterate our goal to realize a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open.

On 30 March, the G20 trade ministers had a virtual meeting and committed to the following:

Consistent with national requirements, we will take immediate necessary measures to facilitate trade in ... essential goods.

We will support the availability and accessibility of essential medical supplies and pharmaceuticals at affordable prices, on an equitable basis, where they are most needed, and as quickly as possible, including by encouraging additional production through incentives and targeted investment, according to national circumstances.

We will ensure our collective response is supportive of micro, small and medium-sized enterprises.

We agree that emergency measures designed to tackle COVID-19, if deemed necessary, must be targeted, proportionate, transparent, and temporary, and that they do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules.

We will implement those measures upholding the principle of international solidarity, considering the evolving needs of other countries for emergency supplies and humanitarian assistance.

We emphasize the importance of transparency in the current environment and our commitment to notify the WTO of any trade related measures taken,

[We will] seek to mitigate ... impacts on international trade and investment, we will continue to work together to deliver a free, fair, nondiscriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open.

We will ensure smooth and continued operation of the logistics networks that serve as the backbone of global supply chains.

We will continue monitoring and assessing the impact of the pandemic on trade.

We call on the international organizations to provide an in-depth analysis of the impact of COVID-19 on world trade, investment and global value chains.

The WTO's rules provide a wide scope for governments to take emergency actions. Self-restraint is vitally important.

Proposals for specific future trade policy responses³

A discussion paper prepared on 11 March for the later cancelled 18 March Ottawa group meeting included the following point for discussion. It emphasized broad tariff reductions as a fiscal stimulus measure and posited tariff elimination as a direct response to the coronavirus outbreak.

There is neither sufficient time nor evident WTO Member desire to initiate and conclude a new round of tariff negotiations. The only effective step would be to engage in autonomous coordinated tariff reduction (ACTR). To be swift, the action could not be contractual. It would be reciprocal to the extent that other WTO members voluntarily joined in the action. The goal could be to for all industrialized nations to cut their applied MFN tariffs to an average of below 5%, developing countries that are not industrialized would cut to an average tariff of 10% ad valorem, and least developed would cut their bound tariffs by 10%, if possible, as a token contribution. MFN bound tariffs would have to be cut as preferential tariffs are on average already low, and in any event utilization of FTA tariffs may also be low due to cumbersome rules of origin.

In two areas, [the paper continued] it should be possible to go further than the autonomous cut program.

*First, given current circumstances, **removing all duties on health-related goods** should be politically feasible. This would include medical equipment, medical supplies, hazardous materials handling clothing, soap, disinfectant and pharmaceuticals. (Of even greater urgency, a parallel commitment not to impose export limitations on these goods could be considered, although this, as a political matter, could prove more challenging.)*

Secondly, goods that were listed in the suspended Environmental Goods and Services Agreement (EGA) could be cut to zero. The rationale would be that these goods were already vetted for duty elimination, and autonomous nonreciprocal tariff elimination for these goods (and services) has the additional justification that doing so is good for the environment, and therefore a direct benefit for the country taking the action, whether or not other countries reciprocate.

Would these steps be welcomed by a sufficient number of WTO members? The health crisis and the slowing global economy individually are justification enough for

³ There are some redundancies in this section, as a number of respected experts would be expected to have overlapping policy prescriptions, and they do. I have kept their recommendations as they were, but for eliminating most of the supporting narratives. In addition, the experts will have moved on to other recommendations, or updated existing ones. This is a snapshot of what existed at a particular moment. Moreover, there are other respected and knowledgeable individuals whose recommendations are not included here. This is, however, a reasonable sample.

emergency action. Broad swaths of business, finance ministers, and central bankers would welcome the move. Markets would react favorably. The program would be a vote of confidence for the WTO and the multilateral trading system, a concrete and substantial measure of support going beyond rhetoric that is very much needed. The EU, which is greening its policies, as well as a number of other WTO Members, should see merit in taking this step because of their pro-environment leanings. The current US Administration should welcome these measures in what it should see as harmonization to its low average tariff level. It might even join in the action. No negotiation would be required over what is an environmental good or why any action should be taken.

Adoption by a large number of WTO Members is not needed if Members accounting for a significant share of world trade act.

On 26 March, WTO Director General Roberto Azevêdo made three suggestions to the G20 in response to the Leaders statement:

- *G20 members could ask the WTO the WHO, the WCO, and other IOs to establish coordinated norms and best practices to facilitate trade in COVID-19 related health products and services.*
- *G20 members could pledge to cooperate to ensure sufficient supply and smooth cross-border circulation of goods and services, in particular, those critical for the crisis and its aftermath*
- *G20 members could agree that any recourse to export restrictions should be targeted proportionate, temporary and transparent and commit to sharing information about such measures with the WTO.*

On 28 March, John Denton, ICC President wrote a letter to G20 trade ministers with the following recommendations (edited to a summary of the points made):

1. Use trade policy to speed the health response to COVID-19

[I]n order to operationalize G20 leaders' commitments to ensure the flow of vital medical supplies, we call on G20 trade ministers to:

1. *Eliminate tariffs on essential products. G20 countries must do all they can to ensure the accessibility and affordability of necessary medical supplies.*
2. *Expedite trade facilitation for essential products. ... [E]stablish 'green lanes' to provide for rapid inspection and release of essential products. [R]estrictions must not apply to: personnel whose travel is necessary to:*
 1. *(i) scale up the production of medical supplies;*
 2. *(ii) develop, test, produce and distribute vaccines; or*

3. (iii) *transport internationally such products.*
3. *Eliminate export curbs on essential products.*
4. *Suspend all national public procurement regulations and state-required localisation measures that frustrate the cross-border sourcing of essential medical supplies.*

2. Keep trade flowing to restore growth and safeguard jobs

We are seeing an unprecedented collapse of value chains in many sectors – with major implications for employment and the supply of goods.

1. *Keep cargo and transport moving. [A]ddress the shortage of air cargo pilots caused by quarantine requirements.*
2. *Extend timeframes for payments of duties and fees.*
3. *Keep trade finance flowing. ... promoting the use of digital documents.*
4. *We also encourage G20 trade ministers to be mindful of the possible need for early policy interventions to maintain liquidity in the trade finance market.*

3. COVID-19 must not inhibit long-term reform of the trading system

1. *Comprehensively reform the WTO.*
2. *Speed up the transition to digitally enabled trade. [R]ecognise the imperative of achieving a high-standard agreement on the trade-related aspects of e-commerce, built around common rules to ensure open, non-discriminatory access to digital and digitally enabled markets.*
3. *Enable digital trade through standardisation. [P]romote greater economic inclusion through the development of open trade standards. ... such as the ICC's Digital Trade Standards Initiative (DSI), that can help move trade from analogue to digital.*

The emerging literature of suggested trade policy prescriptions

- The extraordinarily valuable **Global Trade Alert**⁴, under the aegis of Simon Evenett of the University of St Gallen, suggests the following measures:

Recommended Trade Policy Response--Ease the Delivery of Medical Supplies and Soap.

1. *For at least six months, scrap import taxes and quotas on all needed imported medical equipment, medicines, disinfectant, and soap.*

⁴ See <https://www.globaltradealert.org>. The site is unmatched for up to date information on trade-distorting measures.

2. Review all non-tariff barriers affecting imports of relevant medical supplies, excepting those whose sole, demonstrated purpose is to ensure the safety of those supplies.
3. Publicly commit not to implement export bans or limits on relevant medical supplies.
4. Reverse existing export bans on medical supplies needed to tackle the Coronavirus.
5. Strengthen incentives to ramp up domestic production by instituting generous price floors (minimum prices) for medical supplies sold to the state.⁵

■ Wendy Cutler, a highly respected veteran trade negotiator, included the following ideas in a blog that she published on 17 March 2020:

- ***The WTO should call an emergency session (virtual) to discuss and act upon the expanding use of export restrictions being placed on medical supplies and related equipment and materials. This is a time when countries should be cooperating and helping one another, not following an “all for me” approach. Article XI of the General Agreement on Tariffs and Trade (GATT) specifically prohibits export bans or restrictions, albeit with limited exceptions that certain countries may argue apply to the current circumstances.***
- ***The G7 and G20 should announce agreement on an immediate freeze, called a **standstill in the trade world, on further tariff hikes**, export bans or limitations, and other trade-restricting actions for the remainder of the year.***
- ***To provide a needed jolt to the global economy and ensure that trade restrictions aren’t exacerbating the current health crisis, the U.S. and China should rollback their respective tariff hikes imposed over the past two years affecting hundreds of billions of dollars of both finished and intermediate goods. To kick-start this process, the United States should immediately (1) rollback the remaining 7.5 percent tariff on the \$120 billions of Chinese imports imposed last September that affect certain medical and consumer-related products; and (2) make the temporary product exclusions granted so far, including on medical-related products, permanent. With these good-faith actions, China would have no choice but to follow suit.***
- ***Recognizing that there will likely be pandemics in the future, the WTO should launch negotiations, on a plurilateral basis if necessary, to eliminate tariffs and other restrictions on the wide range of medical-related equipment, supplies, and materials. This sectoral tariff exercise should be modeled after one of the few successful WTO agreements, the Information Technology Agreement, which involved a critical mass of WTO members.***⁶

⁵ *The Trade Policy Dimension: Tackling the Coronavirus*, St Gallen, March 11, 2020.
<https://www.globaltradealert.org/reports/50>

⁶ <https://asiasociety.org/policy-institute/coronavirus-need-adjust-and-reshape-our-trade-agenda>

- Jennifer Hillman, former member of the WTO's Appellate Body, a senior fellow for trade and international political economy at the Council on Foreign Relations, put forward the following policy suggestions:

- 1. Eliminate Tariffs on Imports of Pharmaceuticals and Medical Equipment**

Recommendation: *G-7 and G-20 leaders should agree to temporarily suspend all tariffs on needed pharmaceuticals, medical devices and supplies, along with disinfectants and soap. These global leaders should encourage all other countries to follow suit.*

- 2. Agree Not to Impose Export Bans on Medical Supplies and Medicines**

Recommendation: *The G-20 countries should agree not to impose export bans or limits on relevant medical supplies and should urge other countries to follow suit. Keeping markets open is the surest way to create incentives around the world to ramp up production of needed equipment and medicines.*

- 3. Green-light Subsidies for Production of Medicines and Medical Supplies**

Recommendation: *WTO members—either formally or informally—should reinstate the concept of a non-actionable or “green light” subsidy found in Article 8 of the WTO’s Agreement on Subsidies and Countervailing Measures for all subsidies provided to companies producing medical equipment, supplies, disinfectants, and other goods used in combatting coronavirus and for all research conducted to discover vaccines against or medicine to treat the virus.*

- 4. Waive "Buy America" Provisions Limiting Government Procurement**

Recommendation: *The President should use the authority granted to him by Congress to waive Buy America requirements for medical supplies, devices, equipment, disinfectants, and soap to ensure that government-owned hospitals and clinics, Veterans Affairs, and Health and Human Services have access to all needed materials to fight against coronavirus, no matter where they are made. Issuing a sweeping waiver right now would give all government medical providers the comfort of knowing that they could make necessary purchases as quickly as possible without concern over whether the items are covered by Buy America or not.*

- 5. Speed Up the Visa and Entry Requirements to Permit Medical Personnel to Travel Where Needed**

Recommendation: *The administration should announce immediate efforts to expedite the processing of H-1B visas for health care professionals, including waiving the \$4,000-\$4,500 fee currently being incurred by hospital and health-care providers employing foreign health care workers. The Administration should also seek a temporary waiver of the 20,000-person cap on the number of highly skilled workers who can be admitted this year.*

6. Agree to Compulsory Licensing of Intellectual Property Rights on Needed Pharmaceuticals and Medical Devices

Recommendation: *G-20 countries should commit to making newly discovered vaccines, effective medicines and patented medical devices available at reasonable costs throughout the world, whether through compulsory licenses or other alternatives to monopoly pricing under traditional intellectual property protections. All those who have the capacity to manufacture these key medicines should be given the opportunity to make them and distribute them to those in need.*⁷

- Anabel González, Senior Staff Research Member, Peterson Institute for International Economics, has the following recommendations:

Lower tariffs on pharmaceuticals, medical devices, and other medical supplies. *A starting point is the indicative list of essential COVID-19 medical supplies published by the World Customs Organization.*

Improve trade facilitation to reduce the cost of moving health-related products and materials across borders. *Cross-border movement of relief goods is critical to support the sick in a timely manner, as well as domestic producers who rely on imported inputs to manufacture these products. [China](#) and the [European Union](#) have established “green lanes” to provide for rapid inspection and release of goods to avoid delays in importing critical supplies. The [World Customs Organization](#) can help with simplified procedures and improved risk management.*

Adopt international standards to ensure the quality and safety of imported health-related products. *Pharmaceutical products and medical devices are typically subject to product registration and approval to ensure consumer safety and public health. Even while not specifically designed to restrict trade, the regulatory regime for these products can unreasonably limit access to medicines and medical equipment. **Domestic regulations incompatible with international standards should be eased, and complex and lengthy procedures to assess conformity with those standards should be speeded up. One option is to provide for automatic registration of medical supplies that have already met standards in advanced economies.***

Allow health professionals to move across borders. *Movement of doctors, nurses, and health professionals is needed especially in poorer countries. Special visas, work permits, and more flexible regulations can help.*

Share knowledge via e-health and other cross-border digital interactions. *Telemedicine is rapidly becoming the first line of [defense](#) against the coronavirus. The global health community is turning to [digital technologies](#), data, and cross-border e-health*

⁷ <https://www.thinkglobalhealth.org/article/six-proactive-steps-smart-trade-approach-fighting-covid-19>

interactions to share evidence and experience to detect, prevent, respond to, and recover from COVID-19. A sound digital framework is key to support the free flow of data, protect privacy and security, and overall provide a trusted environment for digital exchanges.

Ensure that appropriate intellectual property protection does not hinder development of new technologies and drugs. New technologies—such as [3D-printing respirator parts](#) developed by Italian engineers—can address shortages. Inventors of those innovations deserve intellectual property protection, but their needs must be [balanced](#) against the global significance of the pandemic.

Avoid export restrictions. More than 24 nations have [reportedly](#) taken steps to limit their exports of medical equipment, such as face masks, and medicines and their ingredients. In the 2006–08 food crisis, [export restrictions](#) reduced global food supplies and caused [price surges](#). In the past, it has proven difficult to multilaterally discipline abuse of these restrictions, despite the [harm](#) they do to exporters and importers alike by raising prices, discouraging investment, and provoking retaliation. To meet rising global demand for personal protective equipment (face masks, goggles, etc.), manufacturing must increase by 40 percent. The [solution](#) is to **utilize subsidies or other measures to stimulate global production and expedite distribution.**

Take collective trade action. Governments should enhance, not restrict, global trade cooperation, if not among all, at least among the willing. They should agree to a [freeze](#) on export bans, ease recent restrictions, and exercise self-restraint when the impact is devastating. Governments could also negotiate agreements to slash tariffs and nontariff barriers on health-related products, [building](#), for example, on the [WTO initiative on trade in pharmaceuticals](#). Increased certainty of open markets would stimulate investment. Governments could also develop a detailed framework to support medical services trade reform or e-health services to facilitate the flow of medical knowledge and expertise. Importantly, they could take advantage of the WTO to conduct these negotiations.⁸

Ms. González on 27 March supplemented these recommendations with the following recommendations with respect to global value chains:

Large manufacturers should expand and convert current production facilities to increase capacity, leveraging global and regional value chains; international transportation and logistics firms should prioritize movement of COVID-19-related gear and parts and components. [M]ultinationals should move to retrofit production lines in their developing-country plants to produce PPE to serve the needs of patients, be

⁸ <https://www.piie.com/blogs/trade-and-investment-policy-watch/memo-trade-ministers-how-trade-policy-can-help-fight-covid>

they in New York or in Honduras. and for final products to get to hospitals and patients in a timely manner.

Governments in developing countries should facilitate investment in and operation of companies and commit to trade policy measures that keep supply chains moving.

Governments in advanced countries should ensure that procurement regulations do not hinder foreign sourcing, make product standards freely available, and expedite approvals of imported supplies. They also need to keep supply chains open and support poor countries hit by COVID-19. Governments should follow the EU example by making freely accessible technical standards needed for the production of certain medical devices and equipment, while expediting approval of COVID-19-related supplies.

The World Bank and other development institutions should provide development finance to complement private investment, technical advice to developing countries to strengthen their own public health response capabilities, and financial aid to poor countries.⁹

Attention is needed in the application of product standards

Tariffs can, when they are substantial, slow trade. Standards all too often stop trade. This is a particularly acute problem now. Some policy makers seek self-sufficiency, and standards can be a tool that supports achieving that aim. That said, autarky is not a viable policy long term, and it is completely impossible in the short term. Trade experts worry that regulatory measures will inadvertently slow the limited supply of essential medicines and medical products. Product standards are particularly important to assure quality for most of these products. There is an entire world of specialists who deal with the normal challenge of assuring conformity with standards. Risk assessments must continue but red tape has to be cut. These are not normal times. This means finding reliability in other ways and in other places. Shipments need to move without interruption.

Existing supplies need to respond flexibly to changing needs. The incidence of the virus peaks in different locations at different times. This can help with management of supplies, but new sources and increasing quantities have to enter the market smoothly. Solutions to avoid duplicative processes need to be found. The costs of trade are growing and need to be pared back.

The WTO is a forum for sharing expertise on managing the promulgation and administration of standards. Virtual meetings of the Committee on Technical Barriers to Trade

⁹ <https://www.piie.com/blogs/trade-and-investment-policy-watch/yes-medical-gear-depends-global-supply-chains-heres-how-keep>

will be held. New regulations and conformity assessment procedures will continue to be notified and discussed, and concerns raised. This is now more important than ever. All participants in these meetings need to work toward the objective of increasing efficiency without any unacceptable reduction of the margin of safety. International standards need to be adhered to in combatting the pandemic. They have to be fit for purpose, and not an obstacle to meeting the challenge. Best practices need to be shared. Alternative procedures that facilitate the international flow of medical equipment and supplies may be necessary.

COVID-19 poses a global challenge and it will require a global response. The framework for cooperation exists within the WTO. It is there for Members to utilize. Standards-making and administration have been a remarkably cooperative endeavor under the Agreement on Technical Barriers to Trade. The framework of the Agreement and the WTO's structure and processes are well-adapted to assisting Members in their urgent efforts to increase supplies of essential products and facilitating getting them to where they are needed most.

Feeding the planet

All countries are dependent on trade in agricultural products, both to feed their own people and to assure their livelihoods through exports. In this time of crisis, restrictive border measures are proliferating. Just as in manufacturing, there is an international food production chain. It is more sensitive to disruptions as food can spoil, particularly fruits and vegetables. Disruptions need to be managed from the farm to the table, often through added value through local processing. At a time of this pandemic, other causes of disruption, such as unavailability of sufficient farm labor, are also of concern.

There is flexibility to impose trade measures under the WTO agreements to meet the current emergency. It is imperative that the pandemic be dealt with in the least trade-restrictive way possible. This is necessary not just for the sake of efficiency, but for the cause of food security. Volatility of supplies can price the poor out of the market as was witnessed during the 2008 food crisis. Should this occur again, public instability would add unnecessarily to the burdens placed on social structures by the disease itself.

In normal times and in times of crisis food must be able to flow from surplus to deficit countries. Safety from disease and security of food supply are co-equal needs. Full transparency is needed with respect to both trade measures and the information needed to fulfil needs.

The WTO provides a vitally important forum for exchanging information and for adopting practices that limit the adverse effects on other nations.

Moving to a war footing

- On 26 March, Andrew Cuomo, Mayor of New York City, which was facing a huge outbreak of coronavirus cases, stated: “This is a war, we have to treat it like a war.”
- The next day US President Donald Trump invoked a long dormant war powers authority, the Defense Production Act, to order General Motors to manufacture ventilators.

The United States has known how to ramp up production rapidly to meet wartime demand.

- *In May 1940, President Franklin D. Roosevelt called for the production of 185,000 aeroplanes, 120,000 tanks, 55,000 anti-aircraft guns and 18 million tons of merchant shipping in two years.* In 1939, annual aircraft production for the US military was less than 2,141 planes. The 1938 number was tripled in 1940. The 1940 number was tripled again in 1941, and in 1942 it was 250% larger than in 1941. By the end of the war US factories had produced 300,000 planes.

There was no medically useful penicillin when World War II began in Europe. This is how the shortfall was remedied:

*A team of an Australian researcher working at Oxford University successfully cured infected mice with penicillin on May 25, 1940. In July of 1941 to continue research and seek help from the American pharmaceutical industry, they relocated to Peoria, Illinois. They convinced four drug companies, Merck, E. R. Squibb & Sons, Charles Pfizer & Co., and Lederle Laboratories, to aid in the production of penicillin. ...The Oxford team searched for more productive strains of *Penicillium notatum*, finding the best specimen growing on an over-ripe cantaloupe in a Peoria grocery store. ... Following Japan's attack on Pearl Harbor on December 7, 1941, it was clear to scientists and military strategists that a combined effort was needed to produce the large amounts of penicillin needed to win the war.¹⁰*

By the Fall of 1944,

the U.S. government's interest in the drug spurred more than 20 companies to join the efforts to produce sufficient quantities of penicillin. Production ramped up so much that by the invasion of Normandy in June 1944, companies were producing 100 billion units of penicillin per month.¹¹

The United States, the world's manufacturing powerhouse when WWII was being waged, became the arsenal of democracy. Underutilized capacity will exist in the United States

¹⁰ Thanks to Penicillin...He Will Come Home!" The Challenge of Mass Production, A Lesson Plan from The Education Department, The National WWII Museum.

¹¹ <https://cen.acs.org/articles/83/i25/Penicillin.html>

in the coming months, but manufacturing is also distributed far more globally. Much as national policy makers might wish for immediate self-sufficiency, that is not possible. Global value chains must be brought back to life, nourished and expanded. That is a global responsibility. **International financial institutions can help fund the conversion of existing facilities from general consumer textiles and apparel to face masks and protective garments.**¹²

There may be workforce availability issues where quarantines are in place. The coronavirus is the equivalent of a neutron bomb¹³. The machinery and plants are left in place. The workforce is not.

Capability is essential, including the knowhow to produce sophisticated equipment that is desperately needed now. To be successful, all the tributary streams of components must be maintained and strengthened. It will then be imperative that final products be made available globally. The CEO of Germany's top ventilator producer is quoted in the FT on 30 March as saying: "We source different parts that we need from suppliers around the world. A lot comes from Europe but also from the US, Asia, Australia and New Zealand. These supply chains must not be interrupted under any circumstances. If they [are], the whole world has a problem."

International trade flows are vitally important to providing an effective global response to the pandemic.

Trade policy in a time of coronavirus

The WTO provides an essential forum for international cooperation with respect to how trade can best be deployed to fight COVID-19 and to reduce the disease's severe negative impact on the world economy and jobs. It can accomplish this by keeping borders open to needed medical supplies, by connecting production in any location with demand wherever needs exist, by opening borders to those who can provide essential services, by keeping the digital economy open and by balancing the need for fostering innovation through the protection of intellectual property with the exigencies of the current emergency. One area that requires immediate attention: Addressing the fact that the rules for the digital economy are scant, and those that do exist (such as the moratorium on applying customs duties on electronic transfers) are fragile.

This is a time for international cooperation. The need has never been greater. Fortunately, there are positive examples of it taking place. Korea has provided the United States with the technological knowhow it gained in creating drive-through virus test centers, now deployed in the United States. The White House announced in the last few days that the

¹² Nine US apparel manufacturers have begun producing masks today, 30 March, and aim to produce 5-10 million by mid-April. FT "US factories retool from hoodies to face masks to fight coronavirus".

¹³ A specialized type of nuclear weapon that would produce minimal blast and heat but would release large amounts of lethal radiation. Encyclopedia Britannica.

first cargo jet had left Shanghai on its way to New York with badly needed medical supplies. It is the first of twenty flights, the White House announced, in a modern airlift.¹⁴

With respect to the rules governing international trade, the place for that international cooperation is the WTO.

¹⁴ Not since the Berlin Airlift, can one recall this term being used in this fashion.
<https://www.nytimes.com/reuters/2020/03/29/world/asia/29reuters-health-coronavirus-trump-airlift.html>.