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ESSENTIAL GOODS INITIATIVE

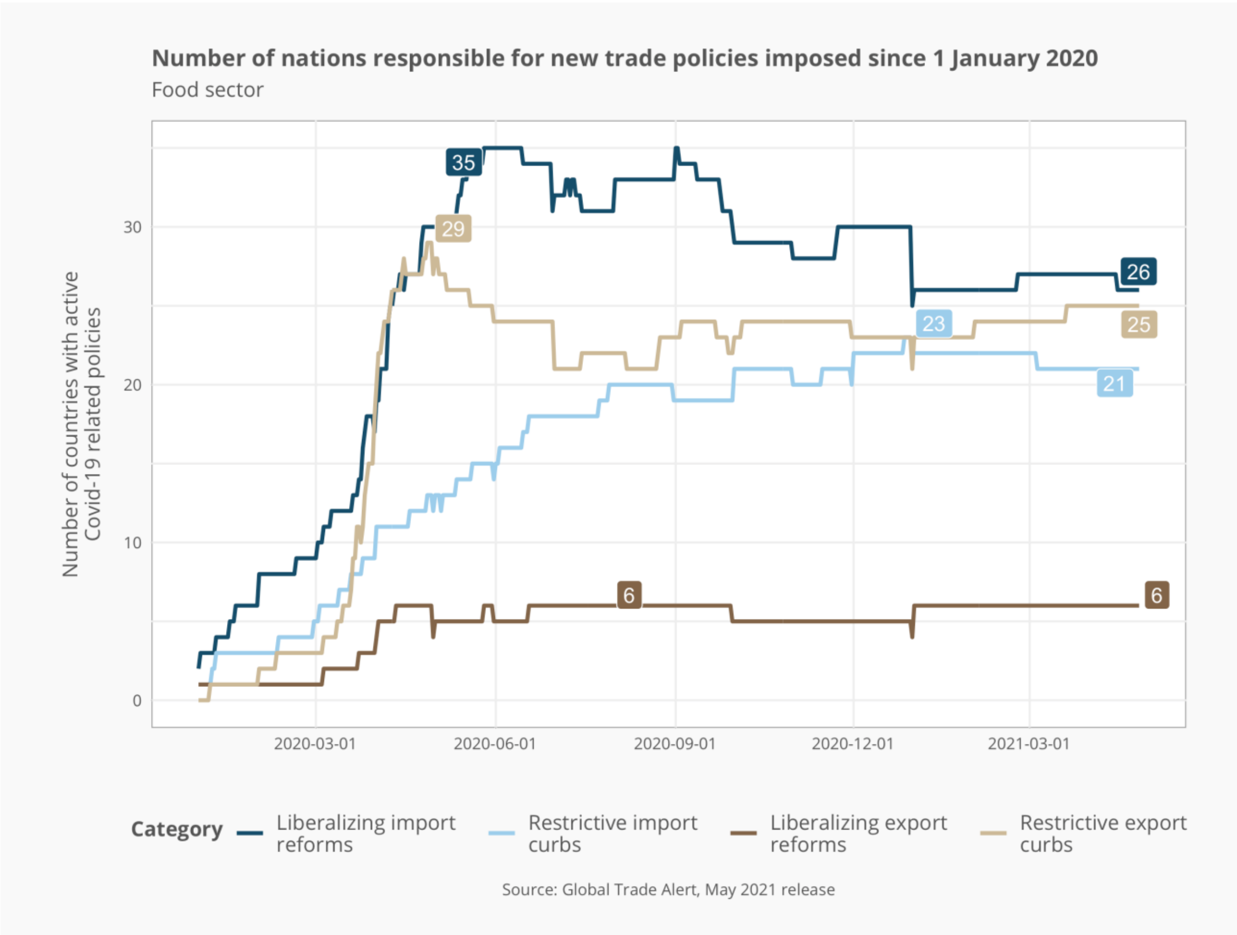
June 2021 data release

Collection of information on changes in commercial policies for this release ceased on 20 May 2021. What follows is a short comparison of policy intervention in the essential goods sectors (food, medicines, medical equipment, and vaccines) during the first half of 2020 and the first half of this year. Interesting differences in the pattern of trade policy, subsidy, and foreign direct investment-related policy interventions have arisen and are summarised in the following table. Readers should bear in mind that there has been more time to collect information on policy developments in 2020 and that the percentages for 2021 are likely to be revised as more evidence is collected.

Percentage of all policy intervention recorded in the essential goods sectors	Implemented during the first half of 2020	Implemented or due to be implemented duting the first half of 2021
Undertaken by G20 members	53%	87%
Affecting medical goods, medicines, and vaccines	66%	58%
Affecting food sector	34%	42%
In the form of export curbs	23%	22%
In the form of import policies (reforms and restrictions)	35%	36%
In the form of subsidies	17%	31%
Likely to distort trade and investment flows	61%	67%

Last year more jurisdictions intervened in essential goods sectors; this year policy intervention is concentrated in the G20 (note: our monitoring processes have not changed our country coverage). The policy mix shifted this year towards subsidisation, in particular selective subsidies awarded to producers of medical items. Last year, just under two-fifths of policy intervention in the essential goods sectors liberalised trade; that fraction has fallen to one-third.

One surprising finding is that the proportion of policy intervention implicating the food sector is higher this year than last year. A total of 89 policy interventions affect or are scheduled to affect the food and agri-food sector during the first half of this year, 51 of which are likely to distort trade or investment flows. Twenty-six of the distortive policy interventions were subsidies, two relate to foreign direct investment, and the rest are mainly classic trade policy interventions. Despite these developments the total number of countries introducing trade distortions into the food sector has not changed much since the beginning of the year (see the Figure immediately below).



Twenty of the 89 policy interventions implicating the food sector during the first half of this year were implemented by non-G20 members. Ukraine is responsible for five such policy interventions and Chile for four import tariff reductions.