

Coronavirus Disease (COVID-19): Trade and Trade Facilitation Responses in the Arab Region



Shared Prosperity **Dignified Life**





Shared Prosperity **Dignified Life**



VISION

ESCWA, an innovative catalyst for a stable, just and flourishing Arab region

MISSION

Committed to the 2030 Agenda, ESCWA's passionate team produces innovative knowledge, fosters regional consensus and delivers transformational policy advice. Together, we work for a sustainable future for all.



Economic and Social Commission for Western Asia

Coronavirus Disease (COVID-19): Trade and Trade Facilitation Responses in the Arab Region

December 2020



United Nations
Beirut

© 2021 United Nations
All rights reserved worldwide

Photocopies and reproductions of excerpts are allowed with proper credits.

All queries on rights and licenses, including subsidiary rights, should be addressed to the United Nations Economic and Social Commission for Western Asia (ESCWA),
e-mail: publications-escwa@un.org.

Author: Mohamed Abdelbasset Chemingui (Senior Economic Affairs Officer, UNESCWA) and Faouzi Tchiko (Professor of economics, University of Mascara, Algeria).

The findings, interpretations and conclusions expressed in this publication are those of the authors and do not necessarily reflect the views of the United Nations or its officials or Member States.

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Links contained in this publication are provided for the convenience of the reader and are correct at the time of issue. The United Nations takes no responsibility for the continued accuracy of that information or for the content of any external website.

References have, wherever possible, been verified.

Mention of commercial names and products does not imply the endorsement of the United Nations.

References to dollars (\$) are to United States dollars, unless otherwise stated.

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

United Nations publication issued by ESCWA, United Nations House,
Riad El Solh Square, P.O. Box: 11-8575, Beirut, Lebanon.

Website: www.unescwa.org.

Contents

	<i>Page</i>
Introduction	1
<i>Chapter</i>	
1. The impact of COVID-19 on Arab trade and foreign direct investment inflows	4
2. Trade and trade facilitation responses to COVID-19 by Arab countries	9
A. Formal notifications to WTO	9
B. Trade and trade facilitation measures not communicated formally to WTO	11
3. International experience	16
4. Lessons and policy recommendations	28
<i>Annex</i>	32
<i>List of tables</i>	
Table 1. COVID-19-related trade and trade facilitation measures communicated to WTO by selected Arab countries	10
Table 2. Additional trade and trade facilitation measures implemented by Arab countries to restrict exports and facilitate trade	12
Table 3. Trade and trade facilitation measures adopted in 2020 by the European Union	17
Table 4. Trade and trade facilitation measures adopted by individual European countries as of 19 June 2020	18
Table 5. Trade and trade facilitation measures adopted by other selected countries as of 19 June 2020	20
Table 6. Trade and trade facilitation measures adopted by selected member countries of the Association of Southeast Asian Nations	27
<i>List of figures</i>	
Figure 1. Arab exports to selected partners by product group	5
Figure 2. Arab imports from selected partners by product group	5
Figure 3. Sectoral breakdown of the decline in exports from the Arab region, 2020	7
Figure 4. Sectoral breakdown of the decline in imports to the Arab region, 2020	7
Figure 5. Impact of COVID-19 on greenfield foreign direct investment in Arab countries	8

Introduction

Even prior to the ongoing COVID-19 pandemic, the global trade policy environment was undergoing a profound transformation. Two years ago, the world witnessed a new wave of protectionism, marked, in particular, by global trade tensions between the United States of America and China. Even in Europe, however, a continent which had, overall, continued to promote foreign investment, many countries tightened their foreign investment rules in an attempt to protect critical domestic industries.¹ Protectionist rhetoric has further increased during the pandemic, as have calls for protectionist policies.

Protectionism significantly increases trade costs, and consequently the cost of goods at a time when the world is experiencing historic levels of unemployment, poverty, and business failure. The new protectionist discourse is likely to make supply chain resiliency harder to achieve and even more costly. Worldwide, COVID-19, the most serious health crisis of recent times, has resulted in more than 35 million infections and caused more than 1 million deaths. The medical crisis has, moreover, had significant economic repercussions, reducing the movement of goods, services, capital and people. In the light of those challenges, governments across the world continue to strive to strike a balance between protecting the lives and livelihoods of their citizens.

To reduce labour, production and supply chain costs, many companies and organizations have implemented offshoring and outsourcing

strategies. As a result, supply chain activities are often distributed around the globe. More crucial is the fact that some companies rely on a single source of supply due to challenges related to intellectual property rights, production complexities and overall costs. Those companies may face significant distortion in their activities due to paralyzed supply chain networks when governments impose long-term lockdown measures and “stay-at-home” orders in their endeavour to contain the spread of the COVID-19 virus. Containment policies and increased morbidity rates have had a particularly negative impact on labour-intensive industries.

As a result of ongoing lockdowns and restrictions on the movement of people, particularly in manufacturing hubs, supply chains and production networks have been disrupted. On the demand side, reduced travel and tourism are hampering consumer demand. Indeed, the demand shock has undermined travel, tourism retail and trade. A slowdown in the retail and service sectors has intensified across the globe since the beginning of 2020 and is expected to continue for months or even years. The direct impact has been an unprecedented disruption to supply and a large proportion of businesses worldwide, including large firms and small and medium-sized enterprises (SMEs), many of which have been forced to suspend production and close facilities and retail outlets while also warning of delivery delays.

The COVID-19 pandemic is set to have a severe impact on countries and has come at an

¹ Valentina Pop, “Protectionism Spreads Globally With the New Coronavirus”, Wall Street Journal, 29 May 2020. Available at www.wsj.com/articles/protectionism-spreads-globally-with-the-new-coronavirus-11590779442.

inopportune time for businesses whose profit margins were already under pressure as a result of the global trade wars between the United States and China and between the United States and the European Union. While, it is still uncertain how far-reaching the impact of the COVID-19 pandemic will be, it is likely to have a massive and unprecedented impact on Arab countries' economic and trade performance. In fact, the economic trauma caused by COVID-19 will undoubtedly reduce the number of suppliers, while new layers of protectionism will leave companies with even fewer supply choices.

The immediate impact of the pandemic has been to increase demand for critical supplies used to combat COVID-19. Production of those supplies is concentrated in a very limited number of countries, including Germany, Switzerland and the United States of America, which together account for some 36 per cent of production. There is a huge demand for medical consumables and supplies used in diagnosis, treatment and protection. Some governments have imposed blanket bans and export restrictions to prevent or limit the export of test kits, protective clothing, disinfectants, and food supplies with a view to securing access to strategic products and promoting recovery. In parallel, and in order to mitigate the economic and social repercussions of the COVID-19 pandemic, many businesses have devised ways to protect themselves from supply-side shocks by increasing the resilience of their supply chains.

While the two goals are legitimate and justified, their effects may be contradictory and even exacerbate inefficiencies and undermine well-being. In fact, the most significant long-term risk for the world economy and for the economies of

Arab countries does not stem from the virus itself but from trade protectionism measures and the restructuring of global value chains.

In a 2020 publication by the Centre for Economic Policy Research, a number of researchers highlighted the fact that protectionist policies may not work during a pandemic and that such restrictive practices can distort supply chains and hamper governments' efforts to deliver essential supplies. They conclude that international trade, open trade routes and effectively-functioning supply chains can help combat the pandemic and should not be viewed negatively.²

The present report has been prepared to review and provide insights into trade and trade facilitation measures implemented by Arab countries to mitigate emerging economic and social challenges stemming from the COVID-19 pandemic, while also ensuring access by their populations to essential supplies. It is hoped that its findings will enrich ongoing trade negotiations inside the Arab region and among Arab countries and their major partners, facilitate the conclusion of a number of preferential trade agreements that are currently being negotiated, including the Arab Customs Union and the Deep and Comprehensive Free Trade Area, and provide input in negotiations on potential amendments to existing trade agreements.

This report focuses on the Arab region. Section 2 reviews the economic impact of the COVID-19 pandemic on the Arab region while section 3 reviews the trade and trade facilitation responses to the pandemic that have been implemented by Arab countries. Section 4 looks at how non-Arab countries have sought to mitigate the impact of the pandemic through

2 Richard Baldwin and Simon Evenett, eds., *COVID-19 and Trade Policy: Why Turning Inward Won't Work*, (London, Centre for Economic Policy Research, 2020). Available at voxeu.org/content/covid-19-and-trade-policy-why-turning-inward-won-t-work.

regional trade and trade facilitation responses. Section 5 sets forth a number of trade-related policies that could be implemented to build resilience and prepare for future crises and outlines their associated risks. Mitigation and response policies could even enrich ongoing

trade negotiations involving Arab countries, and give weight to suggestions that certain provisions should be integrated into trade agreements to strengthen Arab regional value chains and Arab countries' participation in global value chains.

1. The impact of COVID-19 on Arab trade and foreign direct investment inflows

The COVID-19 pandemic had led to global economic deceleration. Even prior to the pandemic, economic growth was slowing, and had decreased from 3.0 per cent to 2.3 per cent between 2018 and 2019, inter alia because of protracted tensions between the United States and China.³ In 2019, however, tensions increased further, inter alia because of uncertainty stemming from the exit of the United Kingdom from the European Union and allegations of protectionism involving the European Union and the United States. This led to a fall in global trade activity from 2.9 per cent to 0.1 per cent, the lowest level since the 2008-2009 global financial crisis.⁴

According to recent estimates by the International Monetary Fund (IMF), world gross domestic product (GDP) contracted by approximately 4.9 per cent in 2020 but is projected to grow by some 5.4 per cent in 2021.⁵ This will, however, still leave 2021 GDP some 6.5 percentage points lower than the GDP projections for 2021 that were made in January 2020. Growth figures will depend on (a) the speed with which economies return to their long-term trends, (b) levels of investor and consumer confidence in the recovery and (c) the effectiveness of the stimulus packages enacted by governments in response to the COVID-19 crisis.⁶ For developing countries, including most

countries in the Arab region, those conditions are either exogenous, in that they largely depend on the economic growth of key economic players, or depend on the availability of sufficient fiscal space to implement appropriate stimulus packages, including direct support to business enterprises and workers.

COVID-19 has had a tremendous impact on global trade in 2020, including trade with Arab countries. With the major economies of the world coming close to a standstill due to the pandemic, Arab exporters find themselves in a state of turmoil as trade with the region's top partners is paralyzed, making it increasingly urgent for relief measures to be enacted to support industries that are heavily dependent on exports.

As illustrated in figure 1 and figure 2, European Union countries, the United States of America and China are the Arab region's most important sources of imports and destinations for exports. Trade is crippled in most of those destinations due to the near collapse of global supply chains. Warehousing capacity is overstretched and export finance practically unavailable. International shipping lines have also been severely affected, while even the transport of urgent but less bulky cargo, which is often transported by air, has come to a halt on major airlines.

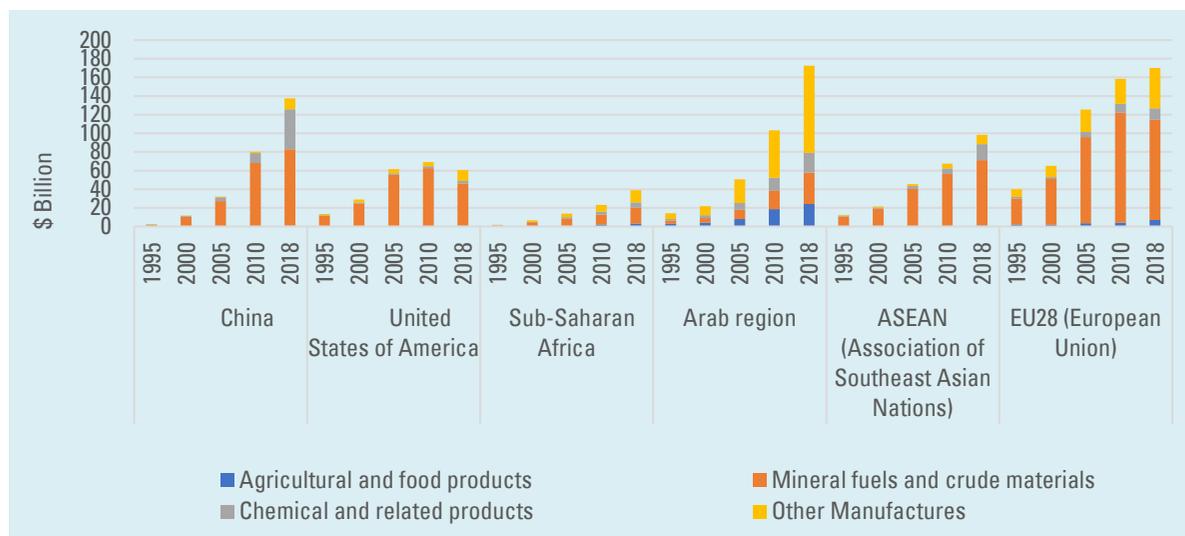
3 World Bank (2021). World Development Indicators, Washington.

4 WTO (2020). World trade statistical review 2020, Geneva.

5 IMF, World Economic Outlook Update, June 2020: A Crisis Like No Other, An Uncertain Recovery, 24 June 2020. Available at www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020.

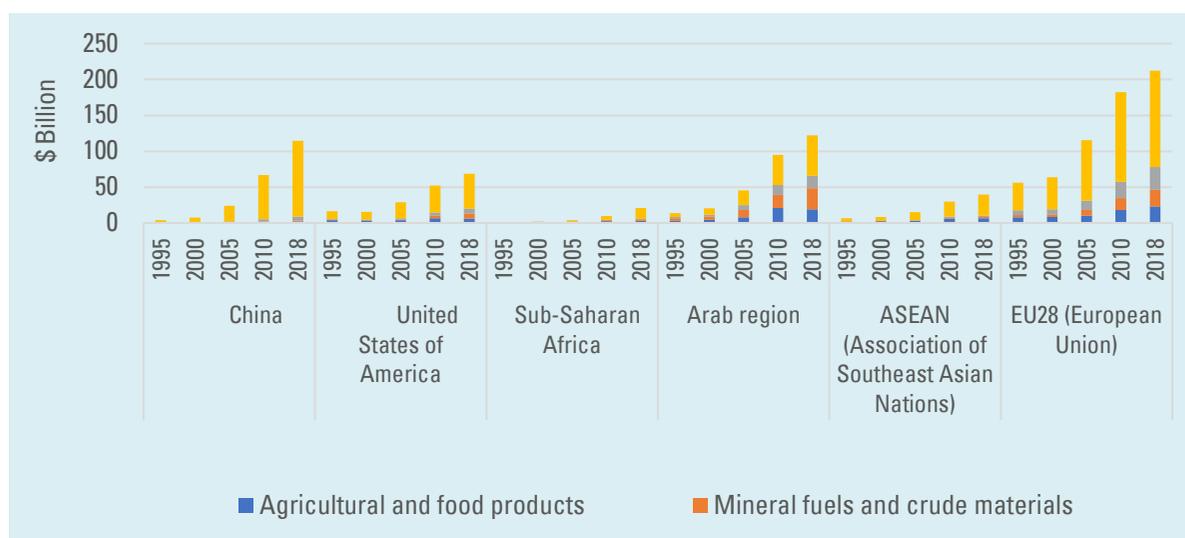
6 World Economic Situation and Prospects as of mid-2020.

Figure 1. Arab exports to selected partners by product group



Source: Economic and Social Council for Western Asia (ESCWA), 2020.

Figure 2. Arab imports from selected partners by product group



Source: ESCWA, 2020.

Imports to the Arab region were worth approximately \$820 billion in 2018 and accounted for some 4.2 per cent of global imports. Historically, the major destinations for Arab exports have been European Union countries, which, as illustrated in figure 2, remain the most important source of Arab region imports. China has emerged as an important source of imports to the region. While

Arab imports from the European Union, the United States of America and China are, to a significant extent, dominated by machinery and transport equipment, intraregional imports are somewhat more diverse, although the share of hydrocarbons remains high.

Using a new dynamic global computable general equilibrium model, ESCWA has

estimated the economic effects of the pandemic on the basis of data contained in the IMF World Economic Outlook Update, June 2020.⁷ The likely impact on the Arab region's exports and imports is sizable, with the downside risks dominating the outlook. The Arab region's exports are thought to have declined by some \$109.7 billion and its imports by \$139.7 billion. As illustrated in figure 3, the decline in exports from the Arab region in 2020 as a result of the pandemic is likely to have been driven, primarily, by falling hydrocarbon exports, which accounted for more than 50 per cent of the total reduction in exports from the region. That reduction is due exclusively to demand collapse and its direct impact on world prices and does not take into account the impact of the oil price war launched in early March 2020 by Saudi Arabia against other large oil exporters, particularly the Russian Federation, which led to further significant falls in the price of oil. Prices did not recover until June 2020.

As illustrated in figure 4, most of the decline in the region's imports in 2020 stemmed from lower imports of manufactured goods. Imports of mining and chemical products also fell sharply.

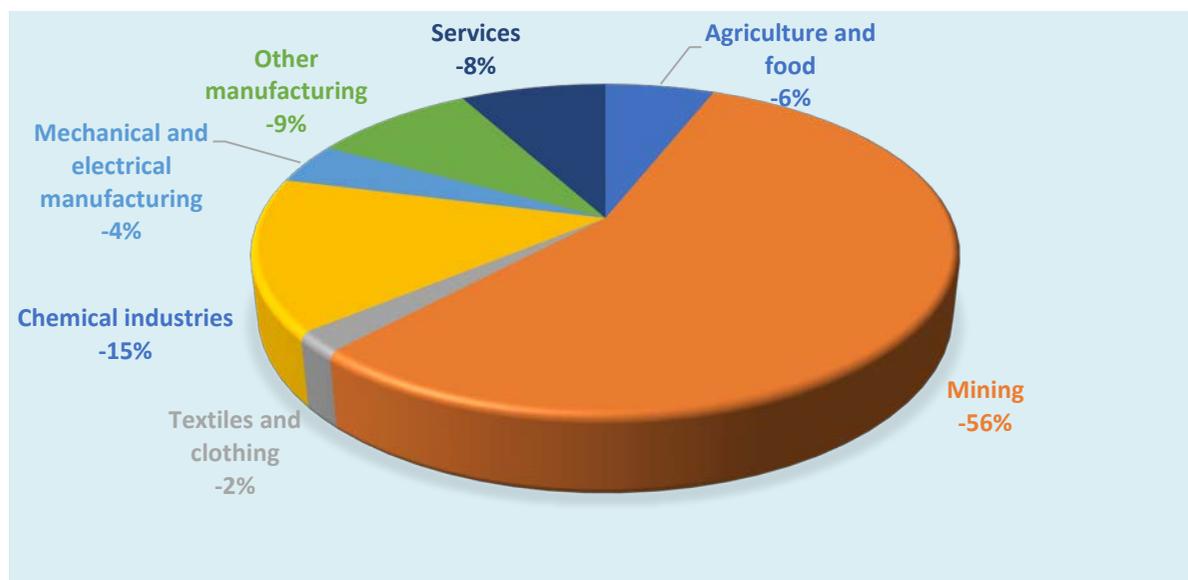
In addition to its impact on trade, the COVID-19 pandemic has severely affected foreign direct investment (FDI) flows in all global regions. The stringent measures imposed by governments to curb the spread of the virus have caused significant economic disruption, which, in turn has affected investment decisions by businesses. Using the dataset on greenfield foreign direct investment projects developed by fDi intelligence, a specialist division of the Financial Times that monitors cross-border investments in new projects and expansions of existing ventures, Mohamed Chemingui and Riadh Ben

Jelili have estimated the scale of the contraction in FDI inflows to the Arab region. The major advantage of the dataset used by the researchers compared with data compiled by the United Nations Conference on Trade and Development (UNCTAD) is the inclusion of a sectoral classification for each investment project. The dataset contains up-to-date and reliable information on countries of origin and destination, and provides other relevant information, such as investment date, capital expenditure, number of jobs created, and the sector and business activity supported by the foreign stakeholder. In addition to that database, the researchers used recent estimates of earnings of 5000 multinational enterprises (MNEs) and ran two alternative scenarios in their calculations of FDI inflows in 2020 in terms of the share of MNE earnings invested. In the first scenario, only a portion of greenfield FDI in the Arab region was made up of MNE earnings, while in the second scenario, greenfield FDI came entirely from MNE earnings. The researchers concluded that if, in line with previous trends, greenfield investment was not wholly dependent on MNE earnings, FDI inflows to the Arab region would still fall by between 21 and 29 per cent in 2020 compared with the initial projected level. If greenfield investment stemmed entirely from MNE earnings, however, the impact would be much more pronounced, and the Arab region was likely to face serious problem in terms of financing investment, creating jobs, and balancing its external payments. In fact, in the second scenario, the researchers estimate that FDI inflows would drop at least 33 per cent and perhaps as high as 51 per cent.

As illustrated in figure 5, falling FDI flows are likely to affect Iraq most severely, followed by Egypt, Saudi Arabia, Mauritania and Tunisia. Kuwait and Lebanon are expected to be less severely affected.

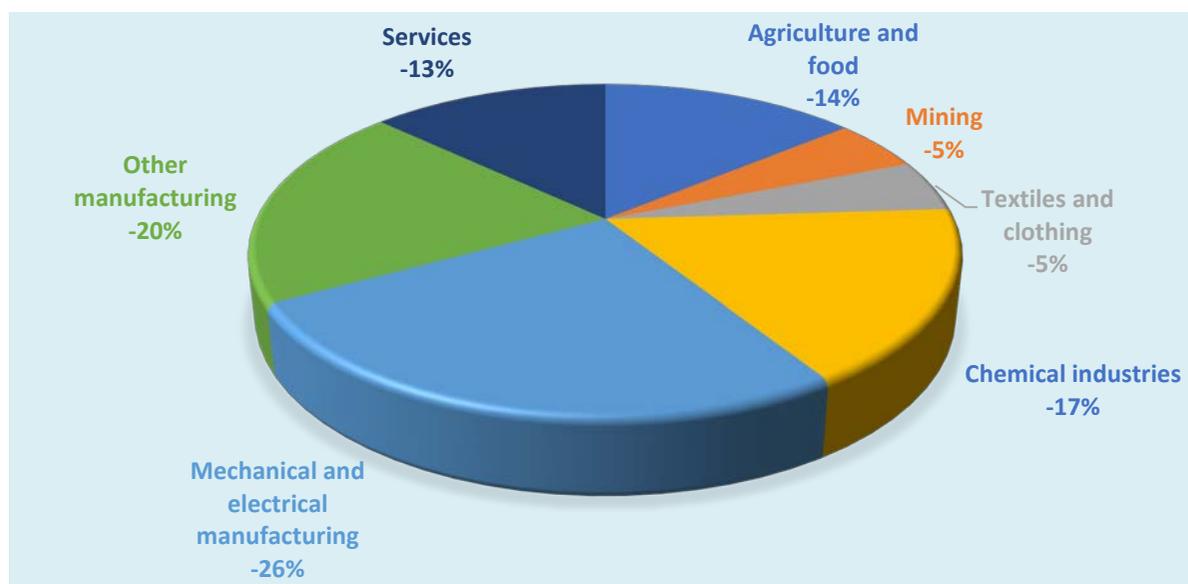
7 IMF, World Economic Outlook Update, June 2020: A Crisis Like No Other, An Uncertain Recovery.

Figure 3. Sectoral breakdown of the decline in exports from the Arab region, 2020



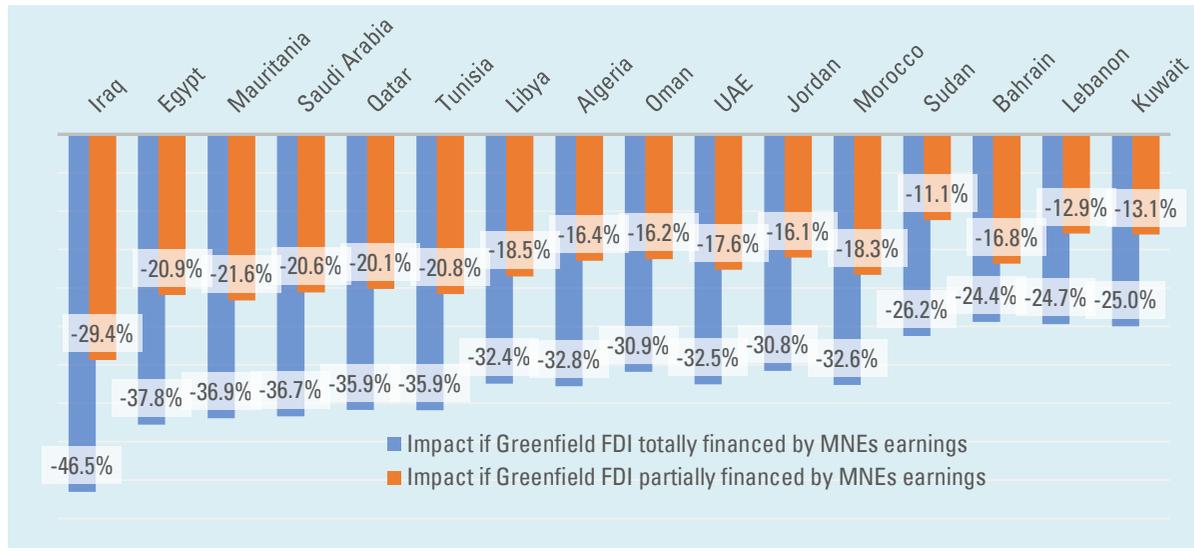
Source: ESCWA, 2020.

Figure 4. Sectoral breakdown of the decline in imports to the Arab region, 2020



Source: ESCWA, 2020.

Figure 5. Impact of COVID-19 on greenfield foreign direct investment in Arab countries



Source: Mohamed Chemingui and Riadh Ben Jelili, 2020.

2. Trade and trade facilitation responses to COVID-19 by Arab countries

The imposition of restrictions on exports has, in the past, led to increased volatility in world prices. During the ongoing unprecedented global health crisis, trade is essential to save lives and secure livelihoods. Trade will play a major role in mitigating the health and economic repercussions of the pandemic but also in the post-pandemic period in boosting growth and facilitating a rapid and strong recovery. According to the World Trade Organization (WTO), trade facilitates access to food products and to essential medical goods and supplies, supports the consumption of essential items, limits negative impacts on the poor, helps exporters to retain staff and safeguard their foreign exchange earnings, and can help shield countries from economic downturns.

To mitigate the impact of the COVID-19 pandemic, many countries have taken concrete action to combat the spread of the virus and to maintain international trade and transportation systems. In that regard, facilitating trade and the transport of goods has become more important than ever to avoid shortages of crucial supplies.

Numerous specialized international and regional organizations concerned with trade and trade facilitation measures, including WTO, IMF, UNCTAD, the International Trade Centre and the United Nations regional commissions, have suggested concrete measures to facilitate trade during the pandemic. Those organizations have,

inter alia, called on governments to ensure that sanitary measures are implemented in ports and border crossings to minimize interference with international traffic and trade, and have also highlighted the need for those involved in the movement of trucks, ships, and airplanes to be assigned essential personnel status. Moreover, specific recommendations have been made on reducing tariff and non-tariff barriers on both imports and exports of strategic products to mitigate the impact of supply shortages and rising consumer prices for those products.

This section reviews measures taken by Arab countries, including WTO members and non-Members, to facilitate trade in essential goods during the pandemic. The most important goods include foods and medical products and equipment. The measures taken by Arab countries fall into two major categories, namely measures formally communicated to WTO by its members and measures that have not been formally communicated by WTO members and non-members.

A. Formal notifications to WTO

As underscored in the declaration by the Organisation for Economic Co-operation and Development (OECD) on public integrity for an effective COVID-19 response and recovery,⁸ countries should honour their commitments to inform WTO of their adopted trade measures in

8 OECD, Public integrity for an effective COVID-19 response and recovery, updated 19 April 2020. Available at www.oecd.org/coronavirus/policy-responses/public-integrity-for-an-effective-covid-19-response-and-recovery-a5c35d8c/.

response to COVID-19. In the declaration, OECD encourages countries to establish a common and transparent information database to decide

on national strategic interventions, and to sustain international cooperation on the trade in necessary medical supplies.

Table 1. COVID-19-related trade and trade facilitation measures communicated to WTO by selected Arab countries

WTO member/observer	Measure	Source/date
Egypt	Temporary export ban on certain personal protective equipment (PPE) and medical supplies, including all types of alcohol and its derivatives except for methyl alcohol, protective spectacles and goggles, plastic face shields (covering more than the eye area), gloves, face masks, protective garments and suits, and hair nets.	WTO document G/MA/QR/N/EGY/1/Rev.1 28 April 2020
	Temporary export ban on leguminous vegetables and products thereof, except for peanuts, fresh or chilled peas, fresh or chilled beans, frozen leguminous vegetables, white beans and canned chickpeas.	WTO document G/MA/QR/N/EGY/1/Rev.1, 28 April 2020
Morocco	Temporary export ban on face masks, protective masks and antiseptic preparations.	Note verbale of the Permanent Delegation of Morocco to WTO dated 8 April 2020 and Orders Nos. 859-20 and 926-20 of the Ministry of Industry, Trade and Green and Digital Economy dated 2 March 2020 and 10 March 2020, respectively
Oman	Temporary implementation of export licensing requirements on personal protective equipment (list updated on 28 April 2020) (originally effective 6 March 2020 to 1 January 2021).	Royal Oman Police Directorate General of Customs website, 9 April 2020
Qatar	Announcement by the Minister of Health of a list of medicinal products, foodstuffs for nutritional uses and medical devices threatened by lack of availability.	WTO document dated 5 June 2020
Saudi Arabia	Extension of the list of imported medical products exempted from VAT. Temporary elimination of import tariffs on certain products, including vegetables, fruits, fruit juices, cold preparations, vitamins, hand sanitizers, hands sanitizer dispensing machines, rubbing alcohol, gloves, masks, and cleansing or sanitizing wipes. Imports also exempted from VAT.	Communication issued by the Saudi Customs on 6 April 2020

Source: WTO, 19 June 2020.

As of 13 October 2020, WTO members had submitted a total of 255 notifications related to COVID-19, 84 per cent of which concerned technical barriers to trade, sanitary and phytosanitary measures, and quantitative restrictions. According to a WTO report published on 23 April 2020, 80 countries had restricted exports because of the COVID-19 pandemic. The same report confirmed that only 39 of the 72 WTO members that had imposed restrictions had notified WTO of those new measures. A total of 77 countries had implemented measures to facilitate trade of essential goods, either through reducing tariffs on medicines and medical supplies or through facilitating certification and compliance with national standards.

According to the WTO database of COVID-19 measures affecting trade in goods,⁹ numerous trade and trade facilitation measures have been taken by Arab countries in response to the COVID-19 pandemic. Some of these measures have been the subject of a formal declaration and official notification to the WTO secretariat. Table 1 shows the full list of notified measures as of 21 August 2020. Those measures can be placed in three major categories. The first category covers measures on import and export restrictions and bans relating to food and pharmaceutical products. The second list shows measures in the form of revised or new tariffs and taxes on imports and exports of relevant goods. The third category concerns specific border measures to protect public health. The table shows that, as of 21 August 2020, only five Arab members of WTO had submitted formal notifications concerning their trade and trade facilitation measures to facilitate the supply of food, pharmaceutical products and medical equipment since the start of the pandemic. A review of formal press

declarations in most Arab countries reveals, however, that numerous measures have been implemented in addition to those formally communicated to WTO. An overview of measures formally communicated to WTO and measures that have not been formally communicated is provided below.

B. Trade and trade facilitation measures not communicated formally to WTO

As noted above, not all measures adopted by Arab countries in connection with the COVID-19 pandemic have been formally communicated to WTO. To collate data with a view to formulating a comprehensive overview of the scope of trade and trade facilitation measures adopted in response to the pandemic, a simple questionnaire was sent out to gather information from relevant ministries and other public authorities concerned with both trade policy and trade facilitation measures.

The questionnaire included three key questions:

- Has the government implemented any measures to restrict exports?
- Has the government implemented any measures to facilitate imports of essential goods?
- Has the government requested any amendments to preferential trade agreements with major partners?

The questionnaire was shared with an extensive list of officials from the ministries of trade, transport and finance to ensure a large number of responses. Detailed responses were received from only 12 Arab countries. Table 2 summarizes the responses received.

⁹ WTO, COVID-19: Measures affecting trade in goods. Available at www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm.

Table 2. Additional trade and trade facilitation measures implemented by Arab countries to restrict exports and facilitate trade

Country	Measures to restrict exports	Measures to facilitate trade	Source
Bahrain	<ul style="list-style-type: none"> • A ban on the export of all types of protective face mask without prior permission from the Ministry of Industry, Commerce and Tourism for a period of three months; • A ban on the export of all types of disinfectant and hand sanitizer without prior permission from the Ministry of Industry, Commerce and Tourism for a period of three months. 		Ministry of Industry, Commerce and Tourism
Egypt	Numerous measures enacted, including a ban on the export of face masks and protective supplies and a ban on the export of legumes and of alcohol and its derivatives for three months.		Ministry of Trade and Industry
Jordan	A ban on the export of basic food commodities, including wheat, sugar, rice, milk, frozen white and red meat, tea and vegetable oil in order to bolster strategic stocks of those commodities.	Facilitated custom clearance procedures implemented for imports of certain goods and medical supplies, including face masks, medical and surgical gloves, plastic face protectors, artificial respirators, virus detectors and test kits.	Jordan Customs
Lebanon	A ban on the export of medicines and medical supplies that have been imported into Lebanon. That ban may be waived in exceptional circumstances.	<ul style="list-style-type: none"> • More stringent banking rules imposed on 17 November 2019 to restrict bank withdrawals and transfers; • Exemption from customs duties and the waiving of the internal consumption fee for a period of two months; • Imported medical and laboratory supplies and equipment used exclusively in the treatment and prevention of coronavirus infections. Decree No. 6255, issued on 9 April, regulates the trade in these items. 	Higher Council of Customs and the Ministry of Economy and Trade

Country	Measures to restrict exports	Measures to facilitate trade	Source
Mauritania	No restrictions on exports.	<ul style="list-style-type: none"> • Several measures taken to encourage exports of natural resources, including fish. These include offering low-cost licences to exporters and other economic actors; • Imports of basic commodities, including wheat, oils, milk, vegetables and fruits, exempt from all taxes and customs duties; • Additional measures implemented to ensure the smooth and continuous supply to domestic markets of basic commodities and materials, including medicines and medical supplies. 	Ministry of Trade, Industry and Tourism
Morocco	<ul style="list-style-type: none"> • A temporary ban on the export of face masks, antiseptics and medicines; • Export license for plastic face protection masks No. SH 3926.90. 	<ul style="list-style-type: none"> • Ongoing suspension of import taxes on wheat and its derivatives in addition to chickpeas, common beans and lentils; • Under the Euro-Mediterranean Agreement between the European Communities and Morocco: acceptance of import certificates in electronic form (EUR.1); classification in the tariff bracket of imported medical supplies and products related to COVID-19, namely COVID-19 test kits, tools and devices for diagnostic tests, protective clothing and similar items, disinfectants and sterilization materials, oxygen therapy devices and pulse meters, and other medical devices. 	Ministry of Economy, Finance and Administration Reform; Ministry of Industry, Trade and Green and Digital Economy
Oman	No restrictions on exports of food or medical goods.	Several measures taken in response to the pandemic with a view to facilitating the import of all goods, including medical goods and foodstuffs, and their availability in domestic markets. Those measures include the authorization of new shipping lines and cargo flights.	Ministry of Commerce, Industry and Investment Promotion

Country	Measures to restrict exports	Measures to facilitate trade	Source
State of Palestine	No restrictions on exports.	A range of measures taken to promote imports and exports, including the adoption of expedited online approval and licensing procedures.	Ministry of National Economy
Qatar	No restrictions on exports of food or medical goods.	Exemption of 907 food commodities and medical supplies from customs duties for a period of six months. Those commodities include basic foodstuffs and medical supplies for personal and household hygiene, such as face masks, sterilizers, soap products, detergents, sterilization wipes and hygiene kits.	Ministry of Commerce and Industry
Sudan	No customs or non-customs measures have been taken to address the COVID-19 crisis.	No new measures enacted.	Ministry of Industry and Trade
Tunisia	<ul style="list-style-type: none"> The procedures for the issuance of certificates for the movement of EUR-MED and EUR1 goods, updated on 1 January 2020, remain in effect; The Ministry of Trade And Export Development has authorized exports to promote production and has removed all obstacles related to the export of agricultural products. Previously, those wishing to export agricultural products needed to obtain a licence from the Ministry. 	<p>Numerous measures enacted. These include:</p> <ul style="list-style-type: none"> Reduced tariffs imposed on goods held for extended periods in the port of Tunis; Launch of expedited electronic pre-loading procedures that allow economic stakeholders to complete procedures prior to the arrival of a cargo vessel with a view to expediting the release of goods; Fiscal and financial measures adopted to mitigate the repercussions of the pandemic on importers and exporters, including exemption from customs duties and a reduction in VAT imposed on individual protection products; Implementation of enhanced border processing procedures with Libya that reduce the movement of people between the two countries while expediting the cross-border processing of goods. 	Ministry of Industry and Trade; Ministry of Finance

Country	Measures to restrict exports	Measures to facilitate trade	Source
United Arab Emirates	No restrictions on exports.	<ul style="list-style-type: none"> • Reduced customs tariffs imposed on imported goods destined for domestic markets; • Waiving of bank guarantee requirements for the importation of goods and the reduction in fees charged for the processing of customs forms; • Waiving of mooring and loading fees for commercial vessels moored in the Port of Dubai; • Measures taken to diversify food import sources, with three to five sources secured for each major foodstuff. 	Report on governmental initiatives to address the COVID-19 pandemic
Yemen	No restrictions on exports although exports have practically come to a halt.	In the light of the ongoing security and socioeconomic situation in the country, no new measures have been adopted with regard to the import and export of foodstuffs and medical commodities.	Higher Ministerial Committee for Combating Epidemics

Further measures were implemented by several Arab countries after the finalization of the survey. Those measures were adopted for two key reasons: firstly, to seek to ensure that basic commodities would continue to reach local markets and, secondly, to encourage domestic production of a selected number of key products.

Certain countries acknowledged, however, that trade facilitation measures could help ensure an uninterrupted supply of goods to markets and could promote competition, and that the pandemic was an opportunity to implement critical and long overdue reforms. A complete list of measures has yet to be compiled.

3. International experience

A. Coordinated regional responses

In addition to country-specific measures, many countries have helped launch regional responses within the context of regional integration initiatives. In the light of the COVID-19 pandemic, regional coordination and international cooperation are essential in order to sustain the trade in essential goods. Efforts should, moreover, be made to address overlaps in trade facilitation measures and encourage the sharing of best practices. OECD has identified four coordinated actions that should be taken by States, namely, (a) improve transparency with regard to trade-related policy actions and intentions with a view to strengthening confidence in trade and global markets; (b) ensure the continued operation of supply chains, especially for essential goods such as health supplies and food; (c) avoid making things worse by imposing unnecessary export restrictions and other barriers to trade; and (d) think beyond the immediate, even during periods of crisis. Trade and trade facilitation measures need to be delivered in ways that ensure that they serve the public interest, rather than vested interests, and do not create further market distortions.

No regional initiatives have been adopted in the Arab region in response to the COVID-19 pandemic, including within the context of the Pan Arab Free Trade Area or under the auspices of the Arab Maghreb Union or the Gulf Cooperation Council. It is thus important to ascertain whether a lack of regional responses is specific to the Arab region or reflects broader global trends.

From the perspective of trade integration, regional responses are more likely to be adopted in the context of a custom union or a unified market rather than as simple free trade arrangements. In the Arab region, the most likely subregional trade block to adopt a regional response is the Gulf Cooperation Council. However, our review did not identify any coordinated action among Gulf countries in response to the current crisis with a view to securing supplies of strategic medical and food products.

Many regional blocs outside the Arab region, including the European Union and several regional economic communities in Africa, have adopted unified responses to COVID-19. This section provides an overview of key regional trade and trade facilitation responses to COVID-19 adopted to support the continued operation of supply chains of essential goods and equipment. National and regional responses to COVID-19 have, however, evolved since the start of the pandemic. Initially, measures were introduced to ensure the continuity of supply chains of essential goods and equipment, while, at a later stage, various trade and trade-related measures were adopted to mitigate the economic impact of the crisis.

1. Measures adopted by the European Union and Switzerland

The European Union and its member States have adopted a range of trade control measures to prevent shortages and ensure the continued availability of essential medicines and medical equipment. At the European Union level, the European Commission has adopted legislation making the export of certain products subject to

an export authorization. In addition, many individual European countries have introduced trade control measures, including export bans, notification requirements for exports, and import requirements to ensure product safety. Table 3 summarizes the trade and trade

facilitation measures adopted and guidance issued by the European Commission in response to the COVID-19 pandemic, while table 4 provides an overview of some of the measures adopted by individual European Union member States and Switzerland.

Table 3. Trade and trade facilitation measures adopted in 2020 by the European Union

Measure	Source/date
Guidelines for border management measures to protect health and ensure the availability of goods and essential services. The Guidelines set out principles for an integrated approach to border management to protect health while preserving the integrity of the European Union single market.	European Commission, C(2020) 1753 final, 16 March 2020. Available at ec.europa.eu/home-affairs/sites/default/files/what-we-do/policies/european-agenda-migration/20200316_covid-19-guidelines-for-border-management.pdf
Communication from the Commission – European Commission Guidelines: Facilitating Air Cargo Operations during COVID-19 outbreak. The Guidelines aim to ensure essential transport flows. Member States are requested to facilitate air cargo operations during the COVID-19 outbreak.	European Commission, C(2020) 2010 final, 26 March 2020. Available at ec.europa.eu/transport/sites/transport/files/legislation/c20202010_en.pdf
Guidance on customs issues related to the COVID-19 emergency. The guidance document addresses questions concerning the application of customs provisions relating to the customs decision-making process, customs procedures and customs formalities.	European Commission, last updated on 16 June 2020. Available at ec.europa.eu/taxation_customs/covid-19-taxud-response/guidance-customs-issues-related-covid-19-emergency_en
Exports of PPE (HS 39; 40; 61; 62; 63; 90) subject to the temporary production of an export authorization, due to the COVID-19 pandemic.	European Commission, 19 March 2020
Commission Implementing Regulation (EU) 2020/402 of 14 March 2020 making the exportation of certain products subject to the production of an export authorization.	European Commission, 14 March 2020. Available at eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0402&from=GA
Communication from the Commission on the implementation of the Green Lanes under the Guidelines for border management measures to protect health and ensure the availability of goods and essential services.	European Commission, 23 March 2020. Available at ec.europa.eu/transport/sites/transport/files/legislation/2020-03-23-communication-green-lanes_en.pdf
Commission Decision (EU) 2020/491 of 3 April 2020 on relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 outbreak during 2020.	European Commission, 3 April 2020. Available at eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D0491&from=EN

Table 4. Trade and trade facilitation measures adopted by individual European countries as of 19 June 2020

Country	Measure	Source/date
Belgium	Ministerial Decree of 2 May 2020 on restrictions on the sale of medical products and personal protective equipment.	Official Gazette. Available at www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&cn=2020050201&table_name=loi
Cyprus	Ministry of Health Decree No. 11/2020: Temporary prohibition imposed on the export of medicinal products. Exports of all pharmaceutical products for human use are prohibited, unless the Minister of Health authorizes such exports in writing.	Ministry of Health, 16 June 2020. See WTO document G/MA/QR/N/EU/4/Add.3
Czechia	Prohibition imposed on the export of selected COVID-19 related medicines (976 items) from the territory of the Czech Republic. (effective 2 April 2020).	Government of Czechia, 2 April 2020
Denmark	Orders Nos. 252 and 253 of 22 March 2020 and No. 277 of 25 March 2020: measures concerning (a) the supply of PPE; (b) medicinal product emergency responses; and (c) the supply of disinfectants.	Communication transmitted by the Permanent Representation of Denmark to the European Union
Italy	Decree Law No. 18 of 17 March 2020: Measures to strengthen the National Health Service and provide economic support to families, workers and businesses in the light of the COVID-19 pandemic.	Official Gazette, 17 March 2020. Available at www.gazzettaufficiale.it/eli/id/2020/03/17/20G00034/sge
	Office of the Prime Minister Ordinance No. 641 of 28 February 2020: Further urgent civil protection measures in relation to emergency health risks associated with viral transmission.	Official Gazette, 28 February 2020. Available at www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2020-02-28&atto.codiceRedazionale=20A01349&elenco30giorni=false
Spain	Royal Decree-Law No. 11/2020 of 31 March 2020 regarding the extension of time frames for the payment of certain customs charges and related taxes during the period from 2 March to 30 May 2020.	Communication transmitted by the Permanent Representation of Spain to the European Union, 31 March 2020
	Royal Decree No. 463/2020 of 14 March 2020 regarding the requisition of all goods necessary for protecting human health in the light of the COVID-19 pandemic.	Communication transmitted by the Permanent Representation of Spain to the European Union, 3 March 2020
Switzerland	Temporary export ban on N95-type and disposable surgical face masks, implemented on 20 March 2020 in the light of the COVID-19 pandemic.	

Country	Measure	Source/date
	Ordinance 641.207.2 of 20 March 2020 regarding a temporary moratorium on the imposition of default interest in the event of late payments of taxes, incentive taxes and customs duties and regarding a moratorium on loan repayments by the Swiss Hotel Credit Company.	Federal Council, 20 March 2020. Available at www.fedlex.admin.ch/eli/cc/2020/163/fr/history

Source: WTO data as of 19 June 2020.

According to several researchers, the first part of the trade policy response of the European Union to the COVID-19 pandemic reflects free trade principles, and has not, to date, impeded the functioning of global value chains. The second part of the response, namely measures to mitigate the economic impact of the pandemic is more problematic, however, as it undermines the relative competitiveness of European Union economies in global markets. It should be noted, however, that, while certain measures enacted by the Union could be viewed as protectionist, they have been explicitly framed as temporary and exceptional in nature. The situation is continuously evolving and, for now, it seems that uncertainty in the area of trade is here to stay. As a consequence, some measures billed as temporary in nature could, in fact, remain in effect over the medium to long-term.

Even some temporary measures seem to have already undermined the capacity of certain Arab countries to import essential pharmaceutical and medical goods. This is the case mainly for respirators, surgical masks, hospital gloves and

other PPE. Tunisia, for example, has imported 86 per cent of face shields and 89 per cent of protective garments from the European Union, while Morocco, while importing 78 per cent of face shields from the European Union, has managed to import only 34 per cent of protective garments from the block. Algeria has imported only 55 per cent of face shields and 9 per cent of protective garments from the Union and has met much of its requirements in that regard by importing those items from China.¹⁰

Many other countries have taken important measures to address the repercussions of COVID-19. Table 5 provides details on steps taken in that regard by certain important economies. Following its withdrawal from the European Union, the United Kingdom has taken several measures to mitigate the impact of the pandemic, including the imposition of temporary export restrictions on certain medical products, and the elimination of import tariffs on some medicines, medical goods and medical equipment. It has also taken measures to facilitate the transit of medical goods and equipment.

10 Richard Baldwin and Simon Evenett, eds., *COVID-19 and Trade Policy: Why Turning Inward Won't Work*.

Table 5. Trade and trade facilitation measures adopted by other selected countries as of 19 June 2020

Country	Measure	Source/date
Canada	Reviewing tariffs and sales taxes on goods imported by or on behalf of public or private care residences, such as seniors' residences, retirement homes, nursing homes and shelters.	Canada Border Service Agency, Customs Notice 20-08: Imported Goods for Emergency Use in Response to COVID-19, 16 March 2020, revised 7 April 2020. Available at https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-08-eng.html
	Extending the time frames for the payment of customs duties and Goods and Service Tax (GST). Goods imported into Canada are generally subject to the GST at a rate of 5 per cent, as well as applicable customs duties, which vary by product and country of origin.	Permanent Delegation of Canada to WTO, 25 May 2020. See WTO document G/MA/W/145 of 1 April 2020. Canada Border Service Agency, Customs Notice 20-11: Extension of Timeframes for Payment of Customs Duties and GST (COVID-19), 27 March 2020. Available at www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-11-eng.html
	Temporarily waiving customs duties on imports of specified medical supplies, including PPE.	WTO document G/MA/W/153, 14 May 2020
China	Encouraging enterprises to apply electronically for import and export licences; simplifying the procedures for online applications for import and export licences; enhancing application and updating electronic key processes and encouraging business enterprises to apply for and update electronic keys online.	Communication issued by the Ministry of Commerce and the Permanent Delegation of China to WTO, 27 April 2020. For further details (Chinese), see: www.mofcom.gov.cn/article/ae/ai/202002/20200202934222.shtml
	Simplifying agricultural administrative procedures, including procedures for licence renewal and for obtaining agricultural approvals.	Communication issued by the Permanent Delegation of China to WTO, 27 April 2020. For further details (Chinese), see: www.gov.cn/zhengce/zhengceku/2020-02/13/content_5478044.htm
	Facilitating trade through the holding of the 127th Canton International Fair. In the light of restrictions associated with the COVID-19 pandemic, the 127th Fair was held online.	Communication issued by the Ministry of Commerce and Permanent Delegation of China to WTO, 27 April 2020. For further details (Chinese), see: www.mofcom.gov.cn/article/ae/ai/202004/20200402956113.shtml

Country	Measure	Source/date
Japan	Prioritizing customs clearance for relief goods to be used in efforts to counter COVID-19 and for other lifesaving goods.	Communication issued by the Permanent Delegation of Japan to WTO, 19 May 2020
	Simplifying import and export declaration forms for relief goods to be used in efforts to counter COVID-19.	Japan Customs, 19 May 2020. For further details, see: www.customs.go.jp/english/news/covid-19/index.htm
	Exempting imported goods that have been provided free of charge from customs duties and domestic consumption taxes.	Japan Customs, 19 May 2020. For further details, see: www.customs.go.jp/english/news/covid-19/index.htm
	Extending time limits for the completion of customs procedures, including the payment of customs duties.	Permanent Delegation of Japan to WTO, 22 May 2020. For further details (Japanese), see: www.customs.go.jp/news/news/20200511_index.htm
	Refunding, reducing or exempting goods from certain customs fees.	Ministry of Finance, Notice No. 122/2020. For further details (Japanese), see: www.customs.go.jp/news/news/20200511_index.htm
Republic of Korea	Imposing a temporary export ban on surgical and sanitary masks and melt blown filters.	WTO document G/MA/QR/N/KOR/2/Add.1, 14 April 2020
	Eliminating, on a temporary basis, import tariffs on surgical and sanitary masks and melt blown filters.	WTO document G/MA/W/147, 14 April 2020
Turkey	Eliminating, on a temporary basis, import tariffs on PPE and medical goods (HS Chapters 28; 38; 39; 40; 48; 61; 62; 63; 65; 90).	WTO document G/MA/W/154, 27 May 2020
	Imposing a temporary export ban on surgical masks and face masks used to protect the user from dust, smoke or toxic substances.	WTO document G/MA/QR/N/THA/2/Add.3, 2 April 2020
	Imposing a temporary export ban on bird eggs of fowls of the species Gallus Domestic (HS 0407.21.00; 0407.29.90).	WTO document G/MA/QR/N/THA/2/Add.3, 2 April 2020
United Kingdom	Imposing temporary export restrictions on insulated waterproof laboratory suits, disposable (single use) medical insulative overalls, and gloves of other polymer material, nitrile medical gloves, non-sterile, non-starch and similar.	WTO document G/MA/QR/N/UKR/4/Add.5, 9 June 2020

Country	Measure	Source/date
	Eliminating, on a temporary basis, import tariffs on medicine, medical goods and medical equipment. Exempting imports of those items from VAT.	United Kingdom Government, List of medicines that cannot be parallel exported from the United Kingdom
United States of America	Terminating temporary restrictions on the export of ethyl alcohol and other spirits, except for bioethanol, distilled beverages, denatured, of any strength, and similar.	Office of the United States Trade Representative, Notice of product exclusions. Federal Register/Vol. 85, No. 47 FR No. 13970, 10 March 2020
	Imposing a temporary export ban of certain medicaments used in the treatment of COVID-19 patients in intensive care units and in other settings for the protection of public health.	Office of the United States Trade Representative, Notice of product exclusions. Federal Register/Vol. 85, No. 47 FR No. 13970, 10 March 2020
	Eliminating, on a temporary basis, import tariffs on medical supplies, equipment and protective garments. Imports also exempted from VAT.	Office of the United States Trade Representative, Notice of product exclusions. Federal Register/Vol. 85, No. 47 FR No. 13970, 10 March 2020
	Excluding, on a temporary basis, certain products from the additional duty of 25 per cent imposed on a list of 19 products from China (imposed on 1 September 2019).	Office of the United States Trade Representative, Notice of product exclusions. Federal Register/Vol. 85, No. 47 FR No. 13970, 10 March 2020
	Excluding, on a temporary basis, certain products from the additional duty of 25 per cent imposed on a list of 19 products from China (imposed on 1 September 2019).	Office of the United States Trade Representative, Notice of product exclusions. Federal Register/Vol. 85, No. 50 FR No. 15247, 15 March 2020
	Presidential Memorandum allocating for domestic use certain personal protective equipment, including. N-95 filtering face piece respirators, other filtering face piece respirators, elastomeric, air-purifying respirators and appropriate particulate filters/cartridges.	WTO document G/MA/QR/N/USA/4/Add.1, 14 May 2020

Source: WTO data as of 19 June 2020.

2. Measures adopted by African regional economic communities

Raw materials, particularly crude oil and minerals, make up a significant proportion of exports from Africa. The immediate impact of COVID-19-related disruptions to global supply

chains has been weaker global demand for many of those exports.¹¹ The growth slowdown across the world has reduced export earnings for most African countries. Moreover, most African countries rely heavily on inputs and equipment from the rest of the world. For example African countries import over

11 Kartik Jayaram and others, "Tackling COVID-19 in Africa: An unfolding health and economic crisis that demands bold action" (McKinsey & Company, April 2020). Available at www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Middle%20East%20and%20Africa/Tackling%20COVID%2019%20in%20Africa/Tackling-COVID-19-in-Africa-final.ashx.

50 per cent of their industrial machinery and transport equipment from trade partners located outside the continent. The most important suppliers of that machinery and equipment are in Europe (35 per cent), China (16 per cent) and India (14 per cent).¹²

The capacity of African countries to import those inputs to support their domestic industries has been severely affected by the pandemic, as has their capacity to obtain medical and pharmaceutical products. In that context, the export restrictions on medical supplies that have been adopted by most countries, including European Union member States and India, are harmful to the healthcare sector in import-dependent African countries.¹³ Indeed, external restrictive policy shocks may expose the continent to significant health and economic risks. In parallel to those external policy changes, most African countries have also instituted national and coordinated policy measures to counter the effects of the pandemic. The most important national measures have taken the form of lockdowns in many countries. Given the significant degree of integration within certain regional economic communities in Africa, lockdown measures have placed many of the members of those communities under considerable pressure. For example, restrictions imposed by South Africa are affecting key regional supply chains across

Southern and East Africa, as that country is a key driver of intra-Africa exports.¹⁴ Those measures are expected to affect not only the supply of medical equipment, medicines and PPE, but also the supply of agricultural goods that are important for food insecure households in Africa.¹⁵ In addition, they also threaten informal cross-border trade, which makes up a substantial proportion of total trade in Africa.

It is in that context, and to minimize disruptions to regional value chains in Africa, that coordinated measures have been taken by all regional economic communities on the continent, with the exception of the Arab Maghreb Union. On 29 July 2020, the members of the Tripartite Free Trade Area, namely the Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC) and East African Community (EAC) issued guidelines on the adoption of regulations, procedures and standards to contain the spread of COVID-19 while also facilitating the movement of goods and services across those regional economic communities.¹⁶ Those guidelines were issued with a view to achieving five specific objectives. Firstly, to coordinate regional and national measures against COVID-19 by protecting citizens through transport and mobility across borders. Secondly, to safeguard regional and global supply chains in order to minimize the

12 OECD, COVID-19 and Africa: Socio-economic implications and policy responses, 7 May 2020. Available at www.oecd.org/coronavirus/policy-responses/covid-19-and-africa-socio-economic-implications-and-policy-responses-96e1b282/.

13 Annalisa Primi and others, "Accelerating the response to COVID-19: what does Africa need?", OECD Development Matters, 1 May 2020. Available at oecd-development-matters.org/2020/05/01/accelerating-the-response-to-covid-19-what-does-africa-need/.

14 Trudi Hartzenberg, "Covid-19 in Africa – some reflections on trade matters", Enhanced Integrated Framework Trade for Development News, 9 April 2020. Available at trade4devnews.enhancedif.org/en/op-ed/covid-19-africa-some-reflections-trade-matters.

15 Ibid.

16 Tripartite of COMESA, EAC and SADC, Tripartite guidelines on trade and transport facilitation for the movement of persons, goods and services across the tripartite region during COVID-19 pandemic, document TP/EO-TC/01/2020/3, 29 July 2020. Available at www.tralac.org/documents/resources/covid-19/regional/3981-tripartite-guidelines-for-trade-and-transport-facilitation-during-covid-19-29-july-2020/file.html.

disruption of cross-border trade in goods and services. Thirdly, to ensure the smooth movement of goods and services during the COVID-19 pandemic and facilitate trade and transport. Fourthly, to facilitate and encourage the local production and trade in essential goods and services, including food, medicines and medical equipment and supplies (including PPE). And lastly to enhance regional awareness of measures instituted to counter the COVID-19 pandemic, including measures aimed at ensuring the safe movement of goods and services in the region while also combating the stigmatization of drivers and other transport personnel, who are sometimes accused of spreading the virus.¹⁷ The guidelines support efforts by Tripartite Free Trade Area members to implement policies and measures to combat COVID-19 while focusing on cross-border road freight transport operations for selected goods and equipment,¹⁸ trade and transport¹⁹ and the movement of goods in transit.²⁰ In parallel with the coordinated guidelines adopted by Tripartite Free Trade Area members, additional measures and actions have been taken by each of the three regional economic communities.

In the COMESA region, additional guidelines were adopted on 14 May 2020 by the ministries of commerce, trade and industry in member

countries. Those guidelines were adopted to facilitate the coordination and harmonization of cross-border measures, while also promoting public safety and safe trade. The agreement adopted on 14 May 2020 stipulates that the guidelines will remain in force during the COVID-19 pandemic period and may be reviewed at the request of member countries.²¹ The guidelines cover a broad range of issues, include the following:²² facilitating the cross-border movement of relief and essential supplies; facilitating the transportation of goods and cross-border freight transport operations; regulating the movement of goods in transit among COMESA countries; supporting customs oversight mechanisms with a view to strengthening the economy of the COMESA region; and sustaining supply chain continuity. To harmonize the COMESA-level guidelines with national measures, the agreement calls on all COMESA member States to publish, in a timely manner and in electronic form, any new trade or customs-related measures introduced in response to the pandemic, and to communicate those measures to the COMESA secretariat. As part of its response to the COVID-19 pandemic, the COMESA secretariat has launched an online platform for the exchange of information on the availability of essential products among COMESA member States to

17 Ibid.

18 Food, agricultural inputs and supplies; medical equipment and medicines, including medical supplies, hospital supplies, and PPE; cleaning and hygiene products; chemicals, packaging and equipment used in the production and processing of food products, medicines and other essential goods and services in addition to fuel and gas; and security, emergency and humanitarian relief services.

19 More specifically, through the provision of adequate PPE, other medical supplies and equipment for, and the regular screening and testing of, frontline personnel at border crossings and checkpoints; categorizing cross-border truck drivers, pilots and crews and facilitate their movement; screening and testing all drivers before departure in order to ensure the continued safe movement of goods and services in the region while observing WHO-recommended measures.

20 Ensure the safety of drivers and crew in transit to other member/partner countries; ensure customs administration safety and reduce administrative procedures; and reduce delays and waive charges on containers during the pandemic period.

21 Economic Commission for Africa (ECA), Facilitating cross-border trade through a coordinated African response to COVID-19, July 2020. Available at archive.uneca.org/sites/default/files/PublicationFiles/facilitating_cross-border_trade_through_a_coordinated_african_response_to_covid-19_fin_4aug.pdf.

22 COMESA, Guidelines for the Movement of Goods and Services Across COMESA Region During the COVID-19 Pandemic, 10 June 2020. Available at www.comesa.int/wpcontent/uploads/2020/06/Guidelines-for-the-Movement-of-Goods-Services-Across-COMESARegion.pdf.

facilitate the movement of goods and services across the region.²³

EAC has also taken measures to respond to the COVID-19 pandemic and mitigate its impact on its member countries' economies. On 24 April 2020, the new EAC Ad-Hoc Regional Coordination Committee on COVID-19 Response published the EAC Administrative Guidelines to Facilitate Movement of Goods and Services during the COVID-19 Pandemic.²⁴ The EAC Administrative Guidelines are intended to promote coordination and transparency in the implementation of response measures to COVID-19. Their key objectives are to ensure the smooth movement of goods and services among EAC member countries, encourage the national and regional production of essential products, enhance regional awareness of measures taken in response to the pandemic, and mitigate the negative impact of the pandemic on the free movement of goods and services. More specifically, they encourage member countries, inter alia, to continue to facilitate the smooth movement of goods and services through the adoption of a multisectoral and coordinated approach, provide access at all designated points for entry and exit of goods, treat the cross-border of trucks and cargo as an essential service, give priority attention to essential goods, notably food, fuel, and medicine, and promote the local production of the items required to prevent the spread of COVID-19.²⁵

ECOWAS has also taken a number of measures to prevent the spread of COVID-19 among its member countries. Those measures have had a significant impact on intraregional trade and the movement of capital and individuals.

Nonetheless, ECOWAS countries have adopted specific measures to enable large freight trucks to cross borders during curfews. In addition, in June 2020, ECOWAS heads of State and Government adopted the ECOWAS Guidelines for the Harmonization and Facilitation of Cross-border Trade and Transport in the ECOWAS Region on the COVID-19 Pandemic and Related Post-recovery Actions. The objectives of those guidelines are similar to the guidelines adopted in the two other regional economic communities that make up the Tripartite Free Trade Area, namely to: (a) define immediate measures to ensure the seamless supply of medical equipment, essential goods and personnel among ECOWAS member States in the fight against the COVID-19 pandemic; (b) facilitate the coordinated implementation of transport-related national COVID-19 measures on cross-border transportation; and (c) ensure the harmonization of operational guidelines for the reopening of air, land and sea borders in line with international industry best practices with a view to restoring user confidence while also preventing the spread of COVID-19 across borders. Following a review of the evolution of the COVID-19 pandemic in the region, further actions have been taken, notably the opening of air and land borders to countries with low COVID-19 infection rates.²⁶ Indeed, the ECOWAS

-
- 23 COMESA, "Region adopts common guidelines for safe trade during COVID-19", 16 May 2020. Available at www.comesa.int/comesa-minister-meet-agree-to-develop-an-onlineinformation-exchange-platform-to-facilitate-trade-in-the-time-of-covid-19/.
- 24 The Guidelines are available at www.tralac.org/documents/resources/covid-19/regional/3405-eac-administrative-guidelines-to-facilitate-movement-of-goods-and-services-during-covid-19-april-2020/file.html.
- 25 EAC, East African Community (EAC) Administrative guidelines to facilitate movement of goods and services during the COVID-19 pandemic, April 2020. Available at www.tralac.org/documents/resources/covid-19/regional/3405-eac-administrative-guidelines-to-facilitate-movement-of-goods-and-services-during-covid-19-april-2020/file.html.
- 26 ECOWAS, "COVID-19: Ministerial Coordinating Committee recommends gradual and coordinated opening of borders", 18 June 2020. Available at www.tralac.org/documents/resources/covid-19/regional/3748-covid-19-ecowas-ministerial-coordinating-committee-recommends-gradual-and-coordinated-opening-of-borders-18-june-2020/file.html.

Ministerial Coordination Committee on Transport, Logistics and Trade has called for the rapid deployment of the new ECOWAS Interconnected Goods and Transit Management System to facilitate the rapid and safe clearance of transit goods, the sharing of information with private sector actors, including shipping lines, airlines, cross-border transporters and traders, on steps taken by ECOWAS member States to reopen their economies, for enhanced collaboration at borders among customs and immigration agencies; and for strengthened mechanisms for monitoring implementation of the Guidelines.

3. Measures adopted by the Association of Southeast Asian Nations

The Association of Southeast Asian Nations (ASEAN) was among the earliest regional organizations to acknowledge the importance of regional cooperation and of efforts to facilitate trade in combating the COVID-19 pandemic. Even prior to the declaration of a pandemic by the World Health Organization, ASEAN economic ministers had reaffirmed their commitment to sustaining trade by in a statement entitled “Strengthening ASEAN’s economic resilience in response to the outbreak of coronavirus disease (COVID-19)”. On 15 April 2020, ASEAN ministers of agriculture and forestry issued a statement in which they underscored their commitment to ensuring minimal disruption to regional food supply chains and rejected the imposition of tariff and non-tariff restrictions. A virtual summit in April and subsequent meetings in June led to the adoption of the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic on 19 June 2020, pursuant to which ASEAN member States operationalized those commitments. The Plan of Action emphasizes the importance of undertaking proactive steps to ensure the unimpeded flow of essential foodstuffs and medical supplies, sharing

information on export restrictions, strengthening supply chains, facilitating trade, and leveraging technologies that can promote regional cooperation.

Under the ASEAN Trade in Goods Agreement, adopted in 2009, ASEAN member countries have eliminated tariff lines on 98.6 per cent of products. Furthermore, ASEAN plus six countries have eliminated 99.3 per cent of their tariff lines while Cambodia, Laos, Myanmar and Viet Nam have eliminated 97.7 per cent of tariff lines. ASEAN has also given priority attention to reducing the cost of trade transactions and on eliminating non-tariff restrictions. Within the context of their efforts to promote free trade and open markets, ASEAN member countries have established the ASEAN Customs Transit System in order to simplify customs procedures and thus bring about a reduction in transaction costs. They are also accelerating the roll out of the ASEAN-Wide Self-Certification scheme, which permits exporters to self-certify the origin of exported goods and thus become eligible for preferential tariffs, in accordance with the ASEAN Trade in Goods Agreement. The ASEAN-Wide Self-Certification scheme will also facilitate implementation of the ASEAN Solutions for Investments, Services and Trade mechanism, established to resolve challenges encountered by business enterprises in connection with the implementation of ASEAN economic agreements.

In addition to taking steps to promote seamless intra-ASEAN trade, ASEAN member States have continued to engage with partners outside the region, as evidenced by numerous joint statements released by ASEAN economic ministers and their counterparts in non-ASEAN countries, including China, Japan, and the Republic of Korea, on combating the pandemic while enhancing free-trade mechanisms and agreements. A summary of trade measures adopted by selected ASEAN member countries is provided in table 6.

Table 6. Trade and trade facilitation measures adopted by selected member countries of the Association of Southeast Asian Nations

Country	Measure	Source/date
Brunei Darussalam	Temporary reduction of customs and excise duties to assist retailers and consumers meet increasing demand for personal hygiene products.	21 March 2020. For further details (Malay), see: macmap.org/OfflineDocument/Covid19/COVID_BRN_2.pdf
Indonesia	Prohibition imposed on the export of medical supply products and PPE.	18 March 2020. For further details (Indonesian), see: macmap.org/OfflineDocument/Covid19/COVID_IDN_2.pdf
	Temporary elimination of import tariffs on certain medical and pharmaceutical products used in the treatment of COVID-19.	17 April 2020. For further details (Indonesian), see: macmap.org/OfflineDocument/Covid19/COVID_IDN_4.pdf
	Temporary suspension of mandatory Indonesian national standard for white crystal sugar.	31 March 2020. For further details (Indonesian), see: macmap.org/OfflineDocument/Covid19/COVID_IDN_6.pdf
	Temporary suspension of the addition of fortifying substances to wheat flour.	7 April 2020. For further details (Indonesian), see: macmap.org/OfflineDocument/Covid19/COVID_IDN_7.pdf
Malaysia	Elimination of import duties and sales tax on medical and PPP.	25 March 2020. For further details (Malay), see: macmap.org/OfflineDocument/Covid19/COVID_MYS_3.pdf
	Temporary ban on the export of face masks in order to meet domestic demand.	7 March 2020. For further details (Malay), see: macmap.org/OfflineDocument/Covid19/COVID_MYS_1.pdf
Singapore	Temporary relaxation of import licensing requirements for hand sanitizers, masks, thermometers, and protective gear.	January 31 2020. For further details, see: macmap.org/OfflineDocument/Covid19/COVID_SGP_1.pdf

4. Lessons and policy recommendations

There is considerable convergence among the objectives of countries' trade policy responses to the COVID-19 pandemic and the associated economic slowdown, but significant divergence in the scope of the application and the impact of those policy responses. This is in part due to the uneven progression of the pandemic around the world. Nonetheless, as governments around the world venture into uncharted territory, they are compelled to become more innovative, strategic and bold when designing policy responses to the crisis. Furthermore, it is now clear that governments should coordinate policy responses, most notably with their regional counterparts, so as to mitigate the impact of crises more effectively. Arab countries must therefore take coordinated and collaborative action as a region in order to maintain the flow of products and support intraregional trade, the volume of which is considerably smaller than trade volumes in other global regions. The following lessons can be drawn from Arab trade and trade facilitation responses to the COVID-19 pandemic.

First, there has been no coordinated response to ensure the continued functioning of supply chains of essential goods at the regional level, either by League of Arab States or under the auspices of subregional blocks such as the Gulf Cooperation Council or the Arab Maghreb Union. Designing and implementing coordinated regional trade and trade facilitation responses should be given priority attention in order to maintain unfettered access to essential goods by Arab States within the context of the Pan Arab Free Trade Area while mitigating the negative repercussions of lockdowns imposed by Arab countries.

Second, the pandemic and the ensuing crisis has highlighted the need for Arab countries to support business enterprises, and particularly SMEs, in order to promote economic recovery and mitigate the impact of the pandemic on their economies and populations. While the trade in unprocessed and manufactured mineral products is usually conducted by large public or multinational enterprises, most Arab intraregional trade in non-mineral products is conducted through SMEs. Moreover, Arab regional value chains are poorly developed, and the pandemic poses a new challenge to their survival. This is particularly the case for Arab region manufacturers of textiles and food products, whose business activities have been severely disrupted by the pandemic. What is more, the impact of the pandemic on those manufacturers may be exacerbated by the failure to implement a coordinated regional response to address the challenges they face. Against that background and despite the fact that some Arab countries have already announced specific and emergency actions to assist SMEs, the absence of fiscal space and weak administrative institutions has affected the capacity of most Arab countries to protect their business enterprises and their productive capacities effectively, which may affect the long-term capacity of many Arab countries to address both the current pandemic and future crises.

Third, a key lesson that can be drawn from the pandemic is that digital capabilities not only give businesses a competitive advantage but are also the key to building resilience in an era characterized by systemic risk and disruption. During the ongoing health crisis, private and

public organizations have found it challenging to adapt to sudden changes that could potentially affect the lives of millions of people. Building digital capabilities is thus no longer optional. Integrating technologies, such as forecasting and simulation modelling, application programming interfaces, big data analytics and cloud infrastructure within decision-making processes and procedures is critical in efforts to optimize supply chains while efficiently managing uncertainty and complexity. Those tools can be used effectively to remap trade routes when established routes are compromised, to allocate funds more efficiently, to assess risks associated with vendors and their criticality to operations, and to urgently reschedule shipments on the basis of new data. Certain countries in the Arab region have instigated physical distancing measures to ensure that clearance documents and other documents for traders and customs officers are handled as remotely as possible. In general, however, Greater Arab Free Trade Area members continue to conduct trade operations using the procedures put in place prior to the pandemic, with only minor adjustments. Efforts to update procedures have, moreover, often been fragmented and counterproductive. Some Greater Arab Free Trade Area countries have, for example, limited access to ports, thereby increasing delays and increasing port handling and customs clearance costs.

Moreover, even in the case of countries that have recently introduced digital solutions to facilitate trade or to enforce exports bans on essential goods, many challenges have prevented their effective implementation and have impeded rather than facilitated trade. For example, instead of placing restrictions on or prohibiting exports of essential medical goods, the information technology (IT) platform used by the customs authorities in a certain Arab country erroneously placed restrictions on both imports and exports of those essential goods.

Indeed, poorly-designed IT equipment, together with poor Internet connections and the limited technical skills of some customs officers can seriously undermine the capacity of customs authorities to implement new measures effectively. To make cross-border business transactions more convenient, transparent and cost-effective, most Arab countries will therefore need to invest in technical capacity-building programmes and update customs clearance procedures so that they make greater use of relevant digital technologies. Implementation of those steps should, moreover, help to promote compliance with sanitary, phytosanitary and security regulations.

Fourth, in ongoing negotiations on ways to enhance the Greater Arab Free Trade Area and on the operationalization of the Arab Customs Union, several important lessons can be drawn from other regional economic bodies, including the European Union and the African regional economic communities. Accordingly, and in the absence of any guidelines or agreement on coordinated measures to sustain the trade of essential goods during the pandemic, it is important to investigate to what extent the measures implemented at country level impede Arab trade, and to ensure that those measures are revoked as soon as the pandemic ends or alternative solutions are identified. In that context, and on the basis of the international experience reviewed in this report, the Greater Arab Free Trade Area Agreement should, perhaps be amended to include provisions that oblige member countries to ensure that the national measures they adopt do not negatively affect the regional supply of goods. Organizations in charge of monitoring regional integration initiatives in the Arab region should therefore give priority attention to reviewing national and international experiences and adopting best practices with regard to trade and trade facilitation responses to the pandemic.

Fifth, there is a need to encourage the formulation of a long-term regional post-pandemic recovery plan within the context of the Greater Arab Free Trade Area with the ultimate objective of restoring regional connectivity. Regional integration must follow two paths, namely a political top-down approach and a bottom-up structural approach. Complementary measures could also provide support to the most vulnerable economic sectors and workers, especially those working in SMEs and in non-mining sectors. For example, small exporters in non-oil based economies could be provided with direct income transfers or subsidized loans together with administrative assistance to help them address emerging trade barriers and maintain their productive capacities and workforces.

Sixth, both the present report and international experience show clearly that when the pandemic subsides, trade policy may become the greatest obstacle to the recovery of global and regional supply chains, as many measures implemented on a temporary basis may remain in effect well beyond the pandemic. In such a situation, there is a high risk that prices will increase, while resilience and recovery become increasingly difficult to achieve. Furthermore, it is apparent that the countries that have had greatest success in mitigating the impact of the pandemic are those that have accelerated digitalization and the adoption of innovative trade facilitation technologies that help firms strike a balance between supply chain resiliency and efficiency. WTO and other multilateral specialized agencies have a key role to play in reducing potential risks to supply chains, which are likely to be negatively affected if protectionist trends continue. According to Global Trade Alert, a trade policy monitoring initiative, countries around the world were introducing new trade barriers, including subsidies, tariffs, quotas and licensing requirements at twice the rate that they were

adopting measures to liberalize trade. By 2018, new impediments to trade were outpacing trade liberalization measures by three to one. In 2019, the ratio increased to four to one. Since the start of the COVID-19 crisis, protectionism has intensified, despite the enactment of a limited number of, clearly temporary, emergency measures. Those emergency trade liberalization steps were introduced by governments to facilitate access to essential goods and equipment. WTO, the body established to resolve trade disputes and bolster global consensus in favour of free trade, has, moreover, been weakened by a loss of faith in its dispute resolution mechanisms.

Seventh, Arab countries must make available and disseminate high-quality data that can be used in the formulation of sound, evidence-based trade and investment policies. Countries should also take steps to improve the public availability of that data, which, in times of crisis, can be crucial in supporting rapid decision-making and in designing effective trade and investment policies. Crude oil, natural gas and agricultural products are the most important commodities produced and traded by countries in the Arab region, although value addition is limited. The Arab region's overdependence on natural resources and the lack of economic diversification not only limits the scope for regional trade, but can also have very negative repercussions when supply chains involving external partners are suddenly or forcibly disrupted.

Eighth, the Arab region needs to update its international trade agreements so that they support its growing, yet fragile export sector. The COVID-19 crisis should be seen as an opportunity for the region to take more concrete steps to harmonize Arab countries' trade-related regulations and customs procedures, while also improving infrastructure and addressing connectivity

issues to lower logistics costs. There is also a strong case for amending the Greater Arab Free Trade Area Agreement so that it contains specific provisions on rules of origin. This will facilitate the development of regional value chains, in turn promoting Arab participation in global value chains. The ongoing negotiations on the full implementation of the Greater Arab Free Trade Area Agreement and the establishment of an Arab customs union may provide a good opportunity for discussions

regarding new provisions on trade and trade facilitation measures. In that regard, and as illustrated in the appendix, there are few specific provisions on trade and trade facilitation in times of crisis contained in the trade agreements adopted by Arab countries. Indeed, the only significant regulations in that regard are those related to the non-discriminatory treatment of imported products or those applicable when there is a serious shortage of a product.

Annex

General exception provisions in selected free trade agreements involving Arab countries

General exception provisions		
	Export/import restrictions and explicit non-discriminatory requirements	Shortage clause and applicable guidelines
European Union – Lebanon	The Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of the life and health of humans, animals or plants [...]. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.	Where prohibition on quantitative restrictions or equivalent measures leads to a serious shortage, or threat thereof, of a product essential to the exporting Party. The exporting party shall notify the Association Committee, which will examine and take the appropriate action. If no action is taken within 30 days, the exporting party may take appropriate action. Although measures should not be discriminatory, the provisions include no details on the extent of measures, or how the importing country should respond or examine the situation.
European Union – Tunisia	The agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of the life and health of humans, animals or plants [...]. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.	Where prohibition on quantitative restrictions or equivalent measures leads to a serious shortage, or threat thereof, of a product essential to the exporting Party.
United States of America – Bahrain	The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health.	

General exception provisions		
	Export/import restrictions and explicit non-discriminatory requirements	Shortage clause and applicable guidelines
United States of America – Oman	The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health.	
United States of America – Jordan	The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health.	
Tunisia – Turkey	The agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of the life and health of humans, animals or plants. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.	Where prohibition on quantitative restrictions or equivalent measures leads to a serious shortage, or threat thereof, of a product essential to the exporting Party. The exporting party shall notify the Association Committee of any measures and consultations between the parties shall take place with a view to finding a common acceptable solution. The measures shall be restricted to what is strictly necessary to the situation.
Morocco – Turkey	The agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of the life and health of humans , animals or plants [...]. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.	Where prohibition on quantitative restrictions or equivalent measures leads to a serious shortage, or threat thereof, of a product essential to the exporting Party. The exporting party shall notify the joint committee of any measures and consultations between the parties shall take place with a view to finding a common acceptable solution. The measures shall be restricted to what is strictly necessary to the situation.

General exception provisions		
	Export/import restrictions and explicit non-discriminatory requirements	Shortage clause and applicable guidelines
European Free Trade Association – Gulf Cooperation Council	Nothing in this Chapter shall be construed to prevent any Party from imposing or enforcing measures necessary to protect human, animal or plant life or health; not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between Parties where the same conditions prevail or a disguised restriction on international trade.	
Agadir Agreement	The provisions of this agreement shall not apply to goods specified in the lists approved by the Economic and Social Council of the Arab League, which are excluded from the facilities granted under the implementation programme of the agreement for the facilitation and development of commercial exchanges between Arab States, for religious, health, security or environmental reasons.	
United States – Mexico – Canada Agreement	Except as otherwise provided in this Agreement, no Party shall adopt or maintain any prohibition or restriction on the importation of any good of another Party or on the exportation or sale for export of any good destined for the territory of another Party, except in accordance with Article XI of the GATT 1994 and its interpretative notes, and to this end Article XI of the GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, mutatis mutandis.	
Comprehensive and Progressive Agreement for Trans-Pacific Partnership	Yes.	



